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Jan. 9, 1976

Feb 6, 1976

Feb. 7, 1976

Feb. 10, 1976

March 4, 1976

May 18, 1976

May 21, 1976

June 8, 1976

June 8, 1976

June 17, 1976

June 25, 1976

July 28, 1976

Aug. 2, 1976

Aug. 6, 1976

Aug 12, 1976

Sept. 28, 1976

Knebel, John A.

[Addresses, Statements, etc]

[Washington]

1/9/76

Excerpts from a talk...at the convention  
of the National Association of Farmer  
Elected Committeemen in Indianapolis,  
Indiana. USDA 17-76

2

Over



2/6/76 Excerpts from a talk...at a luncheon  
meeting of the Board of Directors of the  
National GrainTrade Council at Innesbruck,  
Tarpon Springs, Florida.

USDA 329-76

2/7/76 Excerpts from a talk...at a Southern  
Florida Conference of County Committeemen  
and County Executive Directors, Agricultural  
Stabilization and Conservation  
Service, in Orlando, Florida.

USDA 257-76

Over



2/10/76 Excerpts from a talk...at the Pacific  
Northwest Farm Forum, at the Ridpath  
Hotel, Spokane, Washington.

USDA 323-76

See next card





3/4/76 Excerpts from a talk...at the Southern  
Farm Forum, Memphis, Tennessee.

USDA 666-76

Over

5/18/76 Excerpts of remarks...at the Annual  
Convention of the Leaf Tobacco Exporters  
Association, at White Sulphur Springs,  
West, Virginia.

USDA 1316-76

5/21/76 Commencement Address..."Commitment to  
Greatness", at the Stockbridge School of  
Agriculture, University of Massachusetts,  
Amherst, Massachusetts.

USDA 1441-76

Over



6/3/76 Excerpts from a talk...during a breakfast  
meeting with San Joaquin County Agricultural  
leaders, Stockton, California.  
USDA 1607-76

See next card

6/8/76 Excerpts from a talk...before a joint  
luncheon meeting of the Stockton,  
California Rotary Clubs.

USDA 1612-76

6/17/76 Excerpts from a talk...at a luncheon  
meeting of the Pennsylvania Poultry  
Conference, Lancaster, Pennsylvania.

USDA 1703-76

6/25/76 Excerpts from a talk...at the Annual  
Jasper County Chamber of Commerce dinner,  
Point South, South Carolina.

USDA 1739-76

Over



7/28/76 Statement...before the Subcommittee on  
Conservation and Credit, House Com-  
mittee on Agriculture.

8/2/76 Excerpts from a talk...to the fifth Annual  
Farm Conference at Glen Maury Park,  
Buena Vista, Virginia.

USDA 2155-76

Over



8/6/76 Excerpts from a talk... to directors of the  
Farm and Industrial Equipment Institute  
in Chicago.

USDA 2159-76

8/12/76 Excerpts from a talk...to the 22nd Annual  
Convention of Colorado Cattle Feeders  
Association at Vail,

USDA 2215-76

See next card

9/23/76 Excerpts from address...to the Annual  
meeting and Convention of the Mississippi  
Poultry Association in Biloxi,  
Mississippi.

US A 2753-76





Jan. 9, 1976

Long-term agreements of the type worked out with the Russians on the sale of U.S. grain should forestall the imposition of export controls on farm commodities in the future, Under Secretary of Agriculture John A. Knebel told the National Association of Farmer Elected Committeemen in Indianapolis, Indiana today (Jan. 9).

Speaking at the national convention of the association, the recently-appointed second-ranking U.S. agriculture official said provisions of the Russian agreement not only assure farmers future markets for surplus grain but also give advance notice when Russian purchases exceed an agreed level.

"This gives us a safety valve against export controls which have resulted in the past from market fluctuations which occurred when the Russians entered our market without advance notice and bought up large quantities of grain," Mr. Knebel emphasized.

In addition, he said the long-term agreement assures the farmer of a minimum Soviet grain market.

While the Russian grain sale captured newspaper headlines, the Under Secretary pointed out, "they are not anywhere near our top buyer of U.S. farm goods. Among the 15 largest markets for U.S. farm products in fiscal 1975, the USSR ranked 14th behind such steady customers as Japan, the Netherlands, West Germany, Canada, South Korea and others."

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture, at the convention of the National Association of Farmer Elected Committeemen in Indianapolis, Indiana, Jan. 9, 1976 at noon EST.

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Although working out the long-term agreement with Russia created some problems in marketing for farmers due to delays in sales, the firm commitments for future purchases it provides are absolutely essential if the U.S. is to maintain a high level of farm exports, Mr. Knebel emphasized. Among the provisions of the grain agreement are:

(1) a firm commitment by Russia to buy 6 million metric tons of our wheat and corn in approximately equal proportions each year for five years, starting October 1, 1976;

(2) An option for Russia to purchase, without further consultations, 2 million metric tons more of wheat and corn each year;

(3) Russia can buy more after consultations between the countries;

(4) Russia will space purchases and shipments of wheat and corn as evenly as possible through the year and purchases will be made at prevailing market prices from private sources;

(5) The U.S. may reduce Russian purchases below 6 million tons in a year when our total supply is less than 225 million tons of wheat and feed grains. This is a safeguard for our domestic consumption as well as other foreign customers.

The Russian sales, along with others of a more substantial nature to regular customers, are contributing to an anticipated record volume of U.S. agricultural exports during the current fiscal year, the Under Secretary said. Farm exports are expected to reach \$22.7 billion, up from \$21.6 billion this past fiscal year, he continued. This will be a new record, due mainly to expanded shipments for wheat, feed grains, and soybeans.

"We've got to recognize, however, that we can't have these sales which are so important to our farm economy without having deliveries to our customers. Therefore, our efforts have got to be directed toward seeing that the shipments keep moving," Mr. Knebel declared. "Unless our customers look to us as a reliable supplier, we cannot make these sales which are such a vital part of the economy and our balance of payments situation."

But he said an essential element of the U.S. reliability as a supplier is high quality. Recent revelations about shortcomings in the grain inspection system damage this nation's credibility as a supplier of high quality, "so one of my primary responsibilities will be to see to it that this situation is cleaned up," he added.

The Under Secretary cautioned, however, that "it took a long time for these bad practices to come to light and we can't expect to correct them overnight. It will be a gradual, continuing process that should give our customers and our farmers assurance that quality of grain bought and sold is what it is represented to be."

Turning to the outlook for 1976, Under Secretary Knebel said he foresees "no major farm legislation; the set-aside program will be virtually inoperative because no land is being held out of production; we do not anticipate any substantial support payments will be made; and there will be little change in programs handled by USDA's county offices of the Agricultural Stabilization and Conservation Service."

The only two commodities where new legislation may be forthcoming, he pointed out, are rice and peanuts.

USDA will continue to move forward on its Agricultural Service Center program, Mr. Knebel said, because of the efficiencies the program provides to farmers by allowing them to get service from several USDA agencies at a single location. Almost 1,000 service center locations across the nation have been approved, and at least one center is already operational in 30 states.

Concluding his remarks, the Under Secretary praised the farmer-elected committeemen system under which ASCS operates. "We depend upon you with your day to day contact with farmers to make our farm programs work. You are the eyes and ears of this Department on what is right and what is wrong with farm programs. We want you to know how much you are appreciated in Washington."

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Advance for Release at 6:30 A.M. EST Friday, January 9, 1976

USDA 17-76

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Feb. 6, 1976  
U.S. Department of Agriculture  
Office of the Secretary

Advance for Release at 6:30 A.M. EST  
Friday, February 6, 1976

Under Secretary of Agriculture John A. Knebel asked the National Grain Trade Council today to help "get the word out throughout the grain industry that we mean business about cleaning up the existing official grain inspection and weighing system."

Addressing a luncheon meeting of the Council's Board of Directors at Tarpon Springs, Florida, the second-ranking U.S. agriculture official said that despite more than 50 convictions of individuals on charges growing out of irregularities in the inspection and weighing system, "some people still apparently haven't gotten the message.

"We need your help to convince people that we are serious about cleaning this thing up and we are going to let the chips fall where they may. We are going to utilize every administrative tool at our disposal to crack down on variances between what inspection certificates show and what grade of grain actually is loaded aboard ships," Mr. Knebel emphasized.

The Under Secretary stressed that actions to tighten up the grain inspection and weighing system will be carried out "with no interruption in our ability to supply our customers for anticipated all-time high exports." But he added that "this will be a tall order because exports are expected to reach an all-time high in tonnage during calendar year 1976.

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture, at a luncheon meeting of the Board of Directors of the National Grain Trade Council at Innesbruck, Tarpon Springs, Florida, Friday, Feb. 6, 1976.

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"We have the obligation to see these improvements through to protect our national interest and to give everybody the assurance that the grain we ship is correctly graded and weighed," Mr. Knebel explained. "But we must recognize that in order to have continuity in our inspection and weighing system we can't start from scratch."

The Under Secretary told the grain trade group, however, that USDA will step up internal administrative actions "to bring to a screeching halt some of the pervasive practices which seem to have crept into grading and weighing of grain. You can anticipate that the following steps will become a regular practice:

"1. We are going to increase unannounced ship boardings to check the quality of grain beyond the loading spout.

"2. In cooperation with local United States Attorneys we are going to use available evidence to suspend the licenses of federally-licensed inspectors who are indicted by local grand juries.

"3. We are going to take administrative action to 'pull the tickets' of licensed grain inspection and weighing agencies whenever we have evidence that they or a number of their employees are involved in violations of the federal law.

"4. We are going to establish a workable system to follow-up on complaints from overseas customers about the quality of grain shipped in export so that they will be thoroughly checked out. This must be done to assure our overseas customers that the Federal government is not closing its eyes to shady practices in grain inspection and weighing."



Mr. Knebel told the grain trade group he recently met in New Orleans with U.S. Attorneys and their assistants from four jurisdictions in Louisiana and Texas where investigations are underway. "My purpose was to assure them of this Department's unqualified cooperation and support in their efforts to find the culprits and get them indicted, tried and convicted.

"I assured them of the Secretary's determination to see this thing through and let the chips fall where they may," he declared.

The Under Secretary pointed out that legislation currently under consideration in Congress to tighten up the grain inspection system "extends what we have now rather than eliminating it, and seeks to improve it through tighter conflict of interest provisions and better supervision.

"We are now in the process of implementing better supervision of licensed inspectors by hiring and training new federal inspectors. We recognize that in some instances we have been accused of proselyting people from other inspection agencies, but all we are trying to do is insure the integrity of the official system," he commented.

Irregularities in the grain inspection system are a "serious situation which we want to clean up. We have every intention of bringing before the bar of justice those who have been wrong in the past, but for the sake of continuity in inspections we've got to keep the system operating," the Under Secretary explained.

While consideration has been given to going to all-federal inspection and weighing, this proposal has considerable difficulty in implementation in terms of personnel, training and money, in addition to maintaining continuity, he added.

"During the Congressional recess, some Members have been re-thinking this proposal. Some of them have visited New Orleans and seen the problem first-hand and we are urging them to get active again on their amendments to the Grain Standards Act of 1916."

The Under Secretary also reiterated the Department's position that the U.S. cannot have the farm export sales which are so important to the nation's economy without having deliveries assured to our customers. "Therefore, our efforts have got to be directed toward seeing that the shipments keep moving.

"Unless our customers can look to us as a reliable supplier, we cannot make these sales which are such a vital part of the farmers' income and are so important to our international balance of payments."

Pointing out that the U.S. is anticipating shipment of some 103 million metric tons of farm exports--topping the previous record of 101 million metric tons--the Under Secretary said interruptions in shipments from work stoppages or inspection delays can seriously damage the farm economy.

Emphasizing his responsibility to "see that this situation is cleaned up," Mr. Knebel cautioned, however, that "it took a long time for these bad practices to come to light and we can't expect to correct them overnight. It will be a gradual, continuing process that should give our customers and our farmers assurance that quality and quantity of grain bought and sold is what it is represented to be."



Turning to the outlook for 1976, Under Secretary Knebel said he foresees "no major farm legislation; the set-aside program will be virtually inoperative because no land is being held out of production; we do not anticipate any substantial support payments will be made; and there will be little change in farm programs."

Total crop production in the U.S. reached a new high in 1975, exceeding the 1973 record and rebounding sharply from the low 1974 level, he pointed out. Record production primarily resulted from increased acres harvested, with 333 million acres planted or grown, 1 percent higher than 1974. He said producers harvested more acres of corn for grain, sorghum for grain, oats, barley, winter wheat, durum wheat, rice, popcorn, soybeans, sugarbeets, sugarcane, tobacco and hay.

"Once again American farmers have demonstrated to the world their ability to produce to meet domestic and export needs when there is price incentive to do so," the Under Secretary emphasized.

The only two commodities where new legislation may be forthcoming, he pointed out, are rice and peanuts. The Department has made known its position with respect to both programs, Mr. Knebel pointed out.

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Advance for Release at 6:30 A.M. EST Friday, February 6, 1976





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American agriculture must continue to move toward a market-oriented, free-enterprise framework characteristic of farm programs of the past five years, Under Secretary of Agriculture John A. Knebel told a group of Agricultural Stabilization and Conservation Service (ASCS) county executive directors and county committeemen in Orlando, Florida today (Feb. 7).

Farmer-elected ASCS county committeemen oversee administration of the agency's programs. County executive directors carry out day-to-day farm program activities.

Mr. Knebel, the newly-appointed number-two man at the department, recalled comments made by President Ford in his State of the Union Address last month.

Quoting the President, he said, "A necessary condition to a healthy economy is freedom from the petty tyranny of massive government regulation."

"The President," he added, "praised the agricultural sector for leading the way in getting the government out of the lives of our citizens."

Since 1970 America's farmers have been relieved of a number of restrictions which limited production and held back incomes, the speaker said. "And we have indeed seen how the farm economy has been stimulated by the change."

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture at a Southern Florida Conference of County Committeemen and County Executive Directors, Agricultural Stabilization and Conservation Service, in Orlando, Florida, February 7, 1976.

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Realized net farm income in both Florida and for all of the U.S. has more than doubled since 1969. And farm productivity continues to outpace the industrial sector.

The Under Secretary emphasized the benefits to taxpayers made possible by the shift toward market-orientation in the administration of farm programs.

"Just four years ago we paid out almost \$4 billion to farmers for participating in various programs. Payments during Fiscal Year 1975 were less than \$1 billion, and most of this total went to farmers to compensate them for losses incurred as a result of natural disasters."

"Farmers across the country no longer look to government payments for income," he said. "They are looking to the marketplace for income just as most southern Florida farmers have all along."

Other than the possibility of new rice program legislation, Mr. Knebel foresaw no major changes in farm programs for 1976.

"We will continue to try to mold our programs into the concept of market-orientation and farmer freedom from government-imposed restrictions," he said.

The Under Secretary also emphasized that increased productive capacity under a free enterprise agriculture has allowed American farmers to assume an even more important role in U.S. exports and provide a greater contribution to our balance of payments than any other segment of our economy.

He said the increased level of exports during the past few years has also provided many other benefits. Among them, he cited more jobs, stimulated farm income and more foreign exchange.

He commended Florida producers for their commitment to exports.

Since 1971 farm exports from Florida have nearly doubled. The state is number 2 in all fruit exports and number 5 in vegetable exports. The state is also exporting an ever-increasing amount of livestock and poultry products and soybeans.

Citing concern about restrictions on exports, Mr. Knebel assured his audience that the unique long-term sales agreement worked out with the Soviet Union does not represent a trend toward export restrictions. "On the contrary, the agreement should help forestall the imposition of export controls in the future," he said.

Export controls in the past have usually followed sharp market fluctuation brought about by sudden large commodity purchases.

"With this agreement with the Soviets," Mr. Knebel said, "we will be protected from unannounced, large purchases."

He also reminded grain producers the agreement assures them of a Soviet market of at least 6 million tons annually.

The concept of reduced government influence in the lives of American farmers must also carry over to conservation programs, Mr. Knebel pointed out.

"The Agricultural Conservation Program (ACP), which ASCS administers, has provided impetus for much good conservation activity on our farms," he said, "but the American taxpayer presently foots the bill for some practices which are not enduring or which well-to-do producers or corporate farming enterprises can well afford themselves."

Mr. Knebel said that although county committees have generally been doing an effective job of screening applications, some farmers have still used ACP cost sharing to supply their normal farming inputs or to make capital improvements that bring gains when land is sold.

Mr. Knebel said the Department of Agriculture is not trying to abandon its conservation effort.

"We are requesting legislation which would make our conservation program more effective, efficient and less wasteful," he said. "If the legislation is enacted we will support the authorization of funds to carry out the program."

USDA will continue to move forward on its Agricultural Service Center program, Mr. Knebel said, because the program allows farmers to get service from more than one USDA agency at a single location. Almost 1,000 service centers have been designated, and at least one center is operational in each of 30 states. In Florida 24 centers have been designated and 4 are in operation.

The Under Secretary concluded by commending the committeemen and executive directors for their work.

"You represent the finest system anywhere of grass-roots involvement in the affairs of government," he said. "County committeemen have been given more decision-making responsibility. Therefore, you must be prepared to carry out programs in a fiscally responsible manner."

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Feb. 10, 1976

U.S. Department of Agriculture  
Office of the Secretary

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Advance for Release at 6:30 A.M. PST

Tuesday, February 10, 1976

DEC 10 1976

CATALOGING - PREP

Under Secretary of Agriculture John A. Knebel told wheat farmers in Spokane today the U.S. Department of Agriculture (USDA) is moving vigorously to tighten up the official grain inspection and weighing system to protect their interests as leading producers and shippers of grain.

Speaking at the Pacific Northwest Farm Forum, the Under Secretary declared, "Let's face it: We can't stand for our reliability as the supplier of top quality grain around the world to be jeopardized because when that happens you and the other farmers of this nation are going to be the losers."

Pointing out that wheat farmers in the Northwestern states of Washington, Oregon, Idaho and Montana produce almost one-fifth of all the wheat in the nation--of which nearly 16 percent goes into export--the second-ranking U.S. agriculture official said the Department's efforts to protect the integrity of the grain inspection and weighing system "goes right to your ability to grow and ship the best grain in the world.

"Admittedly, the USDA has a delicate balance to maintain in order to keep exports moving on the one hand and preserve our reputation as a reliable and quality supplier on the other. We must carry out the regulatory function given to us by Congress and serve the farm constituency as well," Mr. Knebel explained.

"I don't see these two goals as inconsistent. In our actions of cracking down on those who damage the credibility of the inspection and weighing system, I think we are also telling our grain customers we are going to see to it they get the best quality grain in the world, which is what you grow."

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture, at the Pacific Northwest Farm Forum, at 9:30 a. m. PST Tuesday, Feb. 10, 1976, at the Ridpath Hotel, Spokane, Washington.

"We know from past experience that interruptions in shipments from work stoppages or inspection delays can seriously damage the farm economy," Mr. Knebel explained, "so our efforts will be directed toward avoiding any interruptions."

Turning to the outlook for 1976, Under Secretary Knebel said he foresees "no major farm legislation; the set-aside program will be virtually inoperative because no land is being held out of production; we do not anticipate any substantial support payments will be made; and there will be little change in farm programs."

Total crop production in the U.S. reached a new high in 1975, exceeding the 1973 record and rebounding sharply from the low 1974 level, he pointed out. Record production primarily resulted from increased acres harvested, with 333 million acres planted or grown. He said producers harvested more acres of corn for grain, sorghum for grain, oats, barley, winter wheat, durum wheat, rice, popcorn, soybeans, sugarbeets, sugarcane, tobacco and hay.

"Once again American farmers have demonstrated to the world their ability to produce to meet domestic and export needs when there is price incentive to do so," the Under Secretary emphasized.

He said early planting intentions reports indicate farmers plan to increase production this year of the four major feed grains. Intended plantings are up 2 percent from 1975 and 3 percent more than 1974 acreage. He said farmers indicate they will plant 4 percent more corn, 2 percent more sorghum and virtually unchanged acreage of barley, while oats will be down 1 percent.

A top Department of Agriculture official today praised agricultural advances in the South and said progress will continue as American agriculture continues its move toward a market-oriented free enterprise system.

Under Secretary of Agriculture John A. Knebel made the remarks today (March 4) before the annual Southern Farm Forum in Memphis, Tennessee.

Mr. Knebel briefly traced the history of agricultural production in the South. "This area has been a center of commercial agricultural activity almost from the time settlers began to migrate here from other areas," he said. "Not knowing how to protect their land from depletion, farmers were forced to move from areas east of here. It was, of course, the excellent soils like those of the Alabama-Mississippi Black Belt and other areas which brought farmers out of the worn-out lands in Virginia and North Carolina."

Farmers responded also, he said, to the invention of the cotton gin and to the insatiable demand for cotton. Cotton became "king," and the South became the principal center of commercial agriculture between the Revolution and the Civil War.

"This migration of farmers and shifting of crops to new regions is characteristic of the tremendous ability of agriculture and farmers to adapt to changing situations," Mr. Knebel said. "Farmers responded

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture at the Southern Farm Forum, Memphis, Tennessee, March 4, 1976.

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to worn-out land by leaving it. They responded to the opportunity of excellent soils by finding and using them. They incorporated new inventions and responded to worldwide demand for their products."

After the Civil War, agriculture was part of the revolution which changed the face of the American economy. Agriculture was already making significant contributions to U.S. trade, but as more and more farmers moved away from self-sufficiency into the world of modern business, agriculture was able to respond even more.

Mr. Knebel said that government involvement in farming was initially limited to land settlement schemes, educational pursuits for rural citizens, some research, regulation of monopolies, and farm credit. "Changing conditions during the first three decades of this century and then the onslaught of the Great Depression brought about increased government involvement in the lives of farmers," Mr. Knebel added.

The Roosevelt Administration introduced price support and production control programs in 1933 in an effort to improve farm prices and income.

"Until early in this decade," Mr. Knebel pointed out, "American agriculture continued to operate under the system of controls born in that problem era more than 40 years ago."

But he added that scientific and technological advances allowed agriculture to move forward during those years even though the "heavy hand of government" stifled the adaptability of the farmer.

Mr. Knebel said, "Technological improvements have changed agriculture here in the South and all over the U.S. from an industry

requiring high levels of human input, which now seem almost unreal, to one with low manpower requirements."

He pointed out that 20 years ago one farm worker produced enough food for himself and 16 other Americans. "Today," he added, "one farm worker produces enough food for himself and 55 others."

"Fortunately," Mr. Knebel said, "the Agricultural Act of 1970 and the Agriculture and Consumer Protection Act of 1973 freed a major portion of agriculture from the restrictive Federal programs which had dominated the farm scene for so many years."

"Now," he added, "farmers are much better able to adapt in much the same way as they did so many years ago. They respond to cues from the marketplace, not to mandates from government."

"In the 1960's when we were faced with a burdensome cotton surplus, it took the government seven years to adjust the cotton program to the world supply and demand situation," Mr. Knebel said. "Farmers adapt much quicker. Between 1974 and 1975 producers in the seven states represented at this conference reduced cotton acreage by more than two-and-one-half million acres as a result of depressed cotton prices. Producers simply switched to more profitable crops--more tobacco and soybeans."

"January's Prospective Plantings report," he went on, "suggests that producers have opted this year to respond to improvements in the cotton situation and will plant over a million more acres than last year."

Soybean plantings, however, will be down following last year's price drop, he said.

Mr. Knebel remarked that crop substitution provisions of the 1970 and 1973 farm bills and the elimination of ties to the old allotment system have made shifts to the most profitable crop possible for farmers here in the South and all over the country.

Mr. Knebel mentioned the Rice Production Act of 1975 which was recently signed into law by the President. "With this new Act we have brought rice production under the target price concept which wheat, feed grain and upland cotton producers have been operating under since 1973. Rice production will be free from the old planting and marketing restrictions, and producers will be able to respond to the market," he said.

Rice program provisions offer protection to producers when market prices drop below the target price. It also provides for protection for program participants who are prevented from planting or whose yields are significantly reduced because of natural disasters.

"The South will continue to play a key role," Mr. Knebel said, "as producers continue to make production decisions and respond to economic conditions as they see fit."

Mr. Knebel also reminded that the shift away from restrictive programs of the past has led to reduced government expenditures for farm programs and has eliminated the costly government-owned grain surplus. "It has also helped farmers," he added, "improve productivity and has helped the U.S. greatly expand exports."

U.S. farm exports have quadrupled during the past six years. "Agricultural exports from your seven states," Mr. Knebel pointed out, "were



valued at around 1.6 billion dollars in 1971. During Fiscal Year 1975 that figure jumped to almost 4 billion dollars. That's around one fifth of the total for the nation."

Mr. Knebel praised Southern farmers for this tremendous productive capability. "The seven states represented here account for 80 percent of the both country's rice and cotton production, one-third of the peanut production and one-fourth of the soybean production."

"There was a time," Mr. Knebel said, "when America's farmers were almost forgotten--second-rate citizens in the eyes of many. But today the farmer is a respected businessman dealing with a commodity that is unsurpassed in worldwide importance. Today we even hear talk of U.S. food as a power in world politics."

"We've obviously come a long way from the days when farmers were slowly wending their way out of the East into this area, leaving behind run-down land and unrealized dreams."

Mr. Knebel concluded by pointing out that the South obviously has a tremendous agricultural heritage and has an exceptional productive capability. "Where we will be several years from now is almost impossible to tell," he said. "But I think we are moving in the right direction--giving farmers freedom to make their own production decisions, removing old restrictions, allowing producers to derive income from the marketplace rather than from government payments, opening up avenues of world trade. As long as we continue in this direction and continue to promote technological advances, progress will continue here and throughout the nation."

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DEC 10 1976

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Research and experimentation with new tobacco production and marketing techniques to reduce production costs and keep American tobacco competitive in world markets was urged today by Under Secretary of Agriculture John A. Knebel.

Addressing the Annual Convention of the Leaf Tobacco Exporters Association at White Sulphur Springs, W.Va., the Under Secretary said increasing competition from other tobacco producing countries, tight supply and record-high producer prices in past years, failure to apply technology to reduce U.S. production costs, and other factors have combined to drive down America's share of world flue-cured and burley exports. He said the U.S. market share has dropped in the last decade from 53 percent for flue-cured and 44 percent for burley to 37 percent and 22 percent, respectively.

"We are able to compete very successfully with other countries in most of the agricultural commodities we produce," he pointed out. "But with tobacco, we have not been able to adequately apply technology to reduce our production costs."

Mr. Knebel explained that because U.S. producers thus far have not been able to get away from the tremendously high labor requirements in producing tobacco, "we are unable to compete price-wise with countries that have an abundance of cheap labor. So, our prices are higher than our competitors and we depend on our superior quality as the basis for maintaining our markets."

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Excerpts of remarks by U.S. Under Secretary of Agriculture John A. Knebel at the Annual Convention of the Leaf Tobacco Exporters Association at 10:00 a.m. Tuesday, May 18, 1976, at White Sulphur Springs, W. Va.

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While high quality American leaf in spite of its high price still is in strong demand worldwide, concerted effort is needed on the part of U.S. producers, manufacturers and exporters to prevent further slippage in America's market share of tobacco, the second-ranking U.S. agriculture official emphasized.

"The United States is the world's largest producer and exporter of tobacco. About one of every third acre of U.S. tobacco is produced for the foreign markets. Projections ahead indicate that world demand and production should rise from 2 to 3 percent a year. Yet we are faced with a situation where, with greater expansion in overseas competition and trade, our market share is expected to continue to slip.

"While I am no tobacco expert, this situation indicates to me that the Department of Agriculture, the producers, the manufacturers, the exporters and the warehousemen have to explore every possible avenue to return the best profit to the producer and at the same time place our tobacco in a more favorable position in world trade," the Under Secretary emphasized.

Mechanization appears to be the best long-term solution to reducing production costs so as to enable the U.S. to compete better in world markets, he pointed out. Considerable strides have been made in recent years in the mechanization of the harvesting and curing processes of flue-cured tobacco, and state universities in tobacco producing areas are doing considerable research in this field, Mr. Knebel pointed out.

"If we expand mechanization and thus reduce production costs, our exports and imports problems on tobacco will diminish. In the absence of doing so, they will increase--it's that simple," the Under Secretary said.

But while mechanization offers a means of reducing production costs, it also poses problems. Mechanical harvesting, as opposed to manual labor, has improved the method and accelerated the marketing process but reduced the quality producers are accustomed to marketing, he explained. This, in turn, affects the basis on which the appeal of higher-priced U.S. tobacco is now founded in world markets, he added.

In addition, the Under Secretary added, the present tobacco control program inhibits mechanization and prompts expensive leasing of small quotas to combine them into units of more efficient operating size. Without such leasing, production inefficiencies result which drive up production costs.

"We have to recognize these problems as we try to determine the best approach to improving producer income and preserving and expanding our share of the world market," Mr. Knebel stressed.

One possible means of effecting cost reduction for burley tobacco, he said, is marketing of untied tobacco. Farmers incur considerable cost in tying tobacco into small bundles and the first operation of buyers is to break those bundles. Research and experimentation is being conducted to explore the feasibility of marketing burley untied and the proper packaging of tobacco. But he said such an approach would require major adjustments in marketing, as well as in grade standards.

"I think we must explore every possible avenue because of the increasing competition we face in world markets," the Under Secretary emphasized.

Because of expansion in the U.S., Brazil, and several other major tobacco producers, the world's 1975 tobacco crop reached a new record of 11.7 billion pounds, or 3 percent above the 1974 crop harvest. These increases combined with a small growth rate in cigarette output changed the world tobacco economy from one of tight supply and record-high producer prices of previous seasons to that of improved stock positions and lower producer prices, Mr. Knebel explained.

Meanwhile, both world exports and world imports continue to rise. World exports are now estimated at over 2,700 million pounds, a new record, with the six largest major exporting countries accounting for almost 60 percent of total export trade. World imports are up 13 percent for 1974 and may be even higher for 1975 when records are complete. The five largest importing countries account for well over half of world imports, with much of the increase coming from alternative suppliers. As a result, the Under Secretary said, the U.S. market share has suffered.

"One additional thing we have to recognize is that trade, even in tobacco, is a two-way street and that if there is any interruption in tobacco trade, U.S. tobacco farmers have far more to lose than they would gain. The U.S. export trade in tobacco leaf and products in 1975 amounted to \$1.3 billion, whereas the value of imported flue-cured and burley tobacco coming into the U.S. was only \$20-25 million. That's a relatively small concession compared to the benefits we receive from free trade in tobacco."

It is because of the vast economic importance of free tobacco trade to U. S. farmers that the Department of Agriculture has assigned high priority to the multi-lateral trade negotiations for which preparations are now being made in Geneva, he said.

"The importance of trade liberalization to the tobacco industry cannot be overstated--our exports of unmanufactured tobacco in 1975 reached a record \$852 million, with manufactured products boosting the total to over a billion dollars.

"The competition for export markets is intensified by high tariffs, duty preferences and restrictive non-tariff measures in several key importing countries. Other countries which ship substantial quantities of tobacco to the U.S. virtually embargo imports of leaf tobacco from the U.S. Thus, an important goal in the GATT multilateral negotiations will be to reduce the levels of protection facing U.S. tobacco exports," he concluded.

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Advance for P.M. Release, Tuesday, May 18, 1976

1316-76







The American society in which you are destined to live is rich and powerful. We in America are looked to by free and honest men everywhere as the example of what man can do when he is free, and left to his own determination, and incentive, and pride.

For 200 years Americans have worked, and built, and fought and died for our way of life. We've been free to succeed--we've also been free to fail. One of the major strengths of the American system is that when we make mistakes, we are free to adjust the system, to correct our mistakes, recover our balance, and move forward to even greater accomplishments.

Today, America occupies a preeminent leadership role in the family of nations. We have given much to the world. We have much more yet to give. Our free enterprise system, our free schools, freedom of worship, the idea of government of the people, by the people, and for the people--all these are relatively new ideas. They haven't been around long, and they have been fostered and nourished in America. They are acclaimed as America's gift to the world.

In offering and sharing these gifts, food plays a significant role. Food is a universal language--understood by all men, regardless of where they live, what color they are, how they worship, or whether they're rich or poor.

A former Secretary of Agriculture, Claude Wickard of Indiana, said during World War Two that food would win the war and write the peace.

He was half right. Food was a major factor in the military victory of the United States and her allies.

But he wasn't entirely right about food writing a lasting peace-- that kind of peace is still a major goal which thus far has eluded our grasp. But it should be noted that the failure was not the fault of those who produced the food, nor of those who are the ultimate consumers.

The failure has been political, and to some extent economic. After World War Two, industrial nations became convinced they could control production and manage chronic food surpluses just by turning the agricultural spigot on and off at will.

So we tinkered and adjusted and played with acreage controls and marketing quotas trying to balance supply with demand through application of federal programs dreamed up in Washington. We failed miserably.

Federal controls didn't work. They were costly. And the Administration and Congress got rid of them finally with the Agricultural Act of 1970 and the Agriculture and Consumer Protection Act of 1973.

Under this legislation, for the first time in 40 years, agricultural production and food pricing were returned to their rightful positions-- as functions of the marketplace.

Consumer demand sets production goals today. It also determines prices for farm commodities. Advanced technology, high output per individual worker, and scientific input allow farmers to respond quickly and positively to signals they perceive in the marketplace. Based on these signals farmers determine the quantity and quality of agricultural commodities consumers want and are willing to pay for.

Part of your challenge as future agricultural leaders and decision-makers will be the exporting of this incentive system. Other nations have sent and will continue to send their farmers and agricultural leaders to America seeking the key to a more prosperous agriculture in their own lands.

In the past they have taken back to their native countries much of the technology, many of the machines, and vast storehouses of scientific knowledge.

But the essential ingredient many countries fail to recognize, or which they are unable to comprehend or accept is the managerial concept of U.S. farmers which is rooted in the philosophy of incentive through the marketplace.

America's best farmers aren't satisfied to be average farmers. They constantly strive for better products and higher yields. They do this because of market incentive. Through managerial excellence farmers are able to earn higher economic rewards in the marketplace.

For proof that the system works, look at the record.

Realized net income from farming in 1973--the first crop year farmers were freed from restrictive acreage allotments and marketing quotas--set a record of \$29 billion. Net farm income declined slightly in 1974 and 1975 but remained well above the previous record of \$17.3 billion which was set in 1972--a year in which nearly \$4 billion of farm income was in the form of direct payments to farmers from the U. S. Treasury.

Current agricultural policy allows farmers to supply domestic and export markets through unrestricted production. This year, 1976, is the third straight year in which wheat, corn and other feed grains, and soybean acreage has been unrestricted. It is the fourth year of unrestricted plantings for upland cotton.

Because we speak the language of food and agriculture, our nation is able to lead the world in its quest for many goals the world's countries hold in common, including:

- \* the goal of peace and stability in all areas of the world.
- \* the goal of greater opportunity for all peoples in all countries to improve diets, nutrition, health and living standards.
- \* the goal of expanding trade, together with a fair opportunity for U. S. farmers to trade throughout the world, wherever they have a competitive advantage.

The world still has acres which can be brought into profitable production. U. S. agriculture and agribusiness leaders undoubtedly will play a major role in this transformation process. They will continue to apply known technology where it is not yet known. They will develop new technologies. They will increase the availability of production inputs such as fertilizer, safe pesticides and other agricultural chemicals. They will develop new seeds, and new strains and varieties that are more drought resistant, of higher quality and better yielding than any now on the market.

American ingenuity and know-how will improve and develop new facilities for harvesting, handling, transporting and storing farm products.

Private enterprise and government agencies, working together, will do a better job of anticipating--perhaps eventually controlling--weather, and of sharing long range, world-wide weather forecasts.

The challenge to you and other young American agricultural leaders lies not only in the areas of production and distribution of farm goods. It lies also with the role of government in agriculture. Politics and economics need not be inconsistent. The challenge of the future will be to find the

right mix of economic soundness and political reality.

This will require knowledgeable, forceful and dedicated leaders. The challenge before you is not easy. It calls for great wisdom and patience, combined with a commitment to greatness, to meet the needs of today and prepare for the problems of tomorrow.

Rural America traditionally is home-centered, church-centered, and community-centered. Out of this kind of environment has come most of the agricultural leadership in our first 200 years as a nation. American agriculture and the nation still demand the same spiritual and economic vitality of our leaders. But this graduating class, and this school, are clear evidence that not all agricultural leaders in today's fast-moving world are farm born and raised. Nor do they need to be.

In the words of Civil War poet Walt Whitman:

"Do not talk of the beginning and the end...

There was never any more inception than there is now...

Nor any more youth or age than there is now...

This America is only you and me."

As you leave Stockbridge and fit yourselves into your chosen vocations and life's work, you are committed to agricultural excellence.

Remember, as you go, that this is also a time for commitment to American greatness in an ever-shrinking world.

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U.S. Department of Agriculture  
Office of the Secretary  
June 8, 1976

Advance for release at 6:30 a.m. EDT  
Tuesday, June 8, 1976

As American farms achieve new records of production, San Joaquin County farmers will become more interested and involved in U.S. exports, predicted Under Secretary of Agriculture John A. Knebel today.

"There is a direct relationship between the success of major controlled crop exports and the export of other crops such as fruits and vegetables," said Mr. Knebel in a breakfast meeting with 100 San Joaquin County agricultural leaders.

"If, for instance, a Far East country for some reason diminishes its imports of major U.S. crops, there is a rub-off effect and it diminishes imports of other U.S. foods."

The second-ranking Agriculture official said exports are vital not only to the well-being of American farmers but to the total economy.

He pointed out that last fiscal year, U.S. agricultural exports totaled \$21.6 billion, or about 21 percent of this country's total exports. The products from more than one out of every four crop acres was exported and the net plus of agricultural exports over imports was \$12 billion, he said.

"Agricultural exports comprise the biggest contribution to our nation's favorable balance of trade," said Mr. Knebel. "Agriculture is our number one earner of foreign exchange."

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture during a breakfast meeting with San Joaquin County agricultural leaders, Stockton, California, June 8, 1976.

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Mr. Knebel said every dollar received from farm exports generates \$2.20 in spending and it is estimated that each \$1 billion in U.S. export sales creates about 50,000 jobs in this country.

Sixty percent of the wheat produced in America was exported; 50 percent of the soybeans, 33 percent of the cotton and 25 percent of the feed grains, said the Under Secretary.

"You can see from these figures how vital our farm production is to the economy of this nation," he continued.

"Without exports, our trade with foreign nations would become unbalanced and we would no longer have the extra dollars put into circulation and the thousands of jobs that are generated.

"Without exports, there would be agricultural surpluses and drastic declines in farmers' incomes with corresponding drop-offs in the sales of fertilizers, insecticides and machinery.

"The ripple effect would be unemployment and a new round of inflation -- and then, we would all be in trouble."

Mr. Knebel said California has a larger stake in exports than most states. In fiscal 1975, California shipped \$1.1 billion of farm products overseas, mostly to Asia and Pacific nations. Last year, California was fifth among the states in value of farm exports.

In fiscal 1975, California sales led the nation in shipments of fruits and fruit preparations, amounting to \$325.9 million; in vegetables



vegetable preparations, \$94.5 million, and in cottonseed and cottonseed products, \$50 million.

Mr. Knebel said California was second in cotton shipments, worth \$222.2 million; third in dairy products, \$18 million, and poultry products, \$11.3 million, and fourth in rice exports, \$169.8 million.

He said Agriculture Secretary Earl L. Butz talked with Japan's Agriculture Minister Abe and that Japan wants California fruits and other farm commodities to go with the wheat, soybeans and feed grains it regularly imports from America.

He said Secretary Butz reported that Hong Kong bought \$130.3 million of U.S. farm goods last year and its rising affluence and taste for quality fruits and vegetables makes it a prime marketing area for California farmers.

"Exports are necessary to encourage American farmers to strive for peak productions, and peak productions benefit everybody," said Mr. Knebel.

"And the beauty of it is that American farmers are always finding ways to increase production and the crops are replaceable. Each growing season, the farmer reaps more of the same goods than the year before."

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June 8, 1976

Thomas Jefferson would have applauded the trends today in U.S. agriculture, said Under Secretary of Agriculture John A. Knebel, speaking at a joint luncheon meeting of Stockton, California Rotary clubs.

Pointing out that Jefferson was a farmer and inventor of farm equipment as well as a statesman, Mr. Knebel quoted the renowned early American as saying:

"Agriculture is most thriving when left most free to individual enterprise."

The Under Secretary said many government restrictions have been lifted off farmers in recent years with good effect on every American and most nations.

But, he warned that the beneficial trend is dependent on legislation coming out of the U.S. Congress in 1977. He explained that current programs for rice, wheat, feed grains and upland cotton expire with the 1976-77 crops. Legislative proposals entailing new spending must be formulated soon so Congressional committees can present them for enactment by May 15, 1977.

"The farm bill could be the singular, most important piece of legislation to come out of the U.S. Congress next year," said the second ranking Department of Agriculture official.

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture before a joint luncheon meeting of the Stockton, California Rotary Clubs, June 8, 1976 at 12 Noon.

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"Within the next few months, farm policy objectives must be decided upon which will not only affect the lives of American farmers but also every consumer of American food products -- and that includes a good percentage of the world's population.

"We're talking about decisions that will affect every one of you as taxpayers.

"We're talking about decisions that will have a major effect on the economy of agricultural regions like the San Joaquin Valley."

Mr. Knebel said it is fortuitous that legislation for America's major crops expires during the period of our Bicentennial celebration.

"Immediately after honoring the men and women who formulated much of the thinking regarding basic freedoms in America," he said, "we face decisions which will influence not only the basic freedoms of America's farmers but the capacity and efficiency of our agricultural machine to produce many of the farm commodities needed to meet worldwide demand.

"In recent years, programs for most of our major crops have been framed with Jefferson's ideal in mind. Beginning in 1970, we saw farm programs beginning to shift from the old restrictions of the past to a system of market orientation which allows the farmer to make his own production decisions rather than having the Government tell him what to do.

"And, we have seen positive results. Individual enterprise is working the way our founding fathers intended it to work.

"After more than 40 years of cutback and curtailment in farm production, we have moved successfully in a new direction. Exports are strong. Farm income is up. The productive farm machine is more efficient than ever. Farmers are pleased with the market-oriented policy concept."

For example, he said California cotton growers, freed from past restrictions, are devoting an acreage to cotton equal to twice their historically-based allotment. This is in contrast to many eastern states where growers decided to shift cotton acreage to other crops.

He pointed out that realized net income per farm in California has almost tripled since the U.S. started shifting to market-oriented programs in 1970, and that realized net farm income for the country has more than doubled during the same period.

"This has encouraged younger men and women to stay in farming," he said.

Mr. Knebel warned that farm legislation which would continue the market-oriented programs will be opposed. He said opponents will argue that food prices must be kept low regardless of all consequences.

"There are people around today who favor a return to restrictive programs of the past. They want a 'cheap food' policy whatever the effect upon farm income, taxation and balance of trade," he said.

"They want to go back to the days when the government, rather than the marketplace, was supporting agriculture; when we were spending annually a billion dollars -- and those were your tax dollars -- to handle and

store commodities which came into the hands of the Commodity Credit Corporation under various loan programs.

"They want to return to the days when we were spending four billion dollars a year in direct payments to farmers, mainly to remove cropland from production. They want to return to the era when whole communities were disrupted as millions of acres of cropland lay idled.

"We must not let this happen!" said Mr. Knebel.

The speaker reviewed the decrease and elimination of government payments to California farmers. He said they received more than \$123 million in direct-program payments in 1969. By 1975, the amount dropped to about \$15.8 million and more than half of that was continuing payments under the 1974 Sugar Program. The Sugar Program expired at the end of 1974 and the last payments have been made to California growers.

"The people who favor a reversal of farm policy contend that farmers had security under the old programs that they do not have now," said the Under Secretary.

"I would say that rock bottom farm prices, low incomes, millions of acres of idle land and huge government outlays did not represent true security or wise economy.

"To me and to you, security and wise economy naturally evolve out of a thriving farm economy in which farmers decide to produce the crops that will bring them the best returns with few or no payments coming out of the Federal treasury, and with incomes stimulated by farmers producing to meet worldwide demand.

"Economists tell us that \$2.20 is put into American circulation for every \$1 received in agricultural exports.

"Some people somehow think that farmers have to have government officials right there all the time to make major decisions for them. Otherwise, they say, there's no stability.

"I like Jonathan Swift's comment on the subject: 'Whoever could make two ears of corn, or two blades of grass, to grow upon a spot of ground where only one grew before, would do more essential service to his country, than the whole race of politicians put together.'

"America's farmers must be allowed the freedom to make their own production decisions; to decide to grow two ears of corn where one grew, or to produce soybeans instead of corn. Politicians should not make those decisions for the farmer."

Mr. Knebel acknowledged that there are ups-and-downs in market prices but said that is vital to the operation of supply and demand and most farmers choose to operate under the individual enterprise system that Jefferson talked about when our Nation was founded.

He reminded the audience that a policy of full production and export strength go hand-in-hand.

He pointed out that increased productive capacity under free enterprise agriculture allows American farmers to assume a greater role in U.S. exports and provide a more significant contribution to our balance of payments than any other segment of the economy.

"This year, the United States will export about 105 million tons of farm products," he said. "We will supply about 55 percent of all the feed grains that move in world trade, 50 percent of the wheat and about 70 percent of the soybeans.

"U.S. agricultural exports are expected to total about \$21.9 billion in fiscal 1976 -- nearly four times the total just seven years ago," said Mr. Knebel.

"California is one of our top exporters. More than one billion dollars worth of California's agricultural commodities moved into foreign markets last fiscal year, making California the fifth-ranking state in exports," he continued.

"The state accounts for almost six percent of total U.S. agricultural exports, half of the fruits, more than one-fifth of the cotton, nearly one-fourth of the vegetables and significant amounts of other commodities.

"A strong export position allows us to use our agricultural machine efficiently. If we return to programs which require us to cut back production, we will lose our export strength and, with it, some of our ability to produce in the most efficient manner," said Mr. Knebel.

"A drop in the current high level of exports would also reduce the large number of export-related jobs and would reduce the amount of foreign exchange available to buy foreign oil or the other products which add to our comfortable standard of living.

"When you drive down Highway 99, you see the world's most efficient and productive business on both sides of the freeway all the way up and down



the valley. If you've flown over the Midwest recently, you have been impressed by the beautiful patchwork of flourishing crops.

"We cannot allow this great productive land to be stifled again with government restrictions which take from the farmer the right and ability to make his own decisions and to look to the marketplace for income."

Under Secretary Knebel concluded:

"The farmer is not the only one who will be affected by new farm legislation. Every taxpayer and every consumer of food and fiber will be touched directly or indirectly by it.

"Our farm economy, the foundation of this nation's well-being, will either move backward into a limited, taxpayer-supported industry, or continue its dynamic progress under free economic principles that our forefathers wisely extolled 200 years ago."

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June 17, 1976 Scientific developments, the agricultural market orientation policies and the Egg Research and Promotion Order hold promise of strengthening and improving the poultry industry, said Under Secretary of Agriculture John A. Knebel today.

"The combination of these factors should improve the product, the market and the rapport among producers, scientists and officials," said the second-ranking Agriculture official.

Addressing a noon luncheon of the 1976 Pennsylvania Poultry Conference at Lancaster, Pennsylvania, Mr. Knebel said numerous discoveries are made each year by 275 scientists, working in poultry research for the Agricultural Research Service and the Cooperative State Research Service.

Mr. Knebel said research and informational programs to be conducted under the Egg Research and Promotion Order within the poultry industry will begin August 1 and serve to unify producers and improve consumers' awareness of poultry products.

"And, the developing farm policy the last few years has given all farmers more freedom of choice in the marketplace," said Mr. Knebel.

"Many governmental restrictions have been lifted off farmers and they have responded with exceptional judgment and eagerness to the food and fiber demands of the United States and the world.

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture at a luncheon meeting of the Pennsylvania Poultry Conference, Lancaster, Pennsylvania, at noon June 17, 1976.

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"We have thrown out many restrictive policies which discouraged the farmer from producing as much as he wanted, of what he wanted. We are returning to the basics of good economy -- supply and demand -- and it is working.

"The American farmer is being freed again to produce to capacity. Taxpayers are no longer burdened with \$4 billion in subsidies to keep farmers from growing crops. They don't have to spend \$1 million or more a day to store the grains for which the world hungered."

The Under Secretary referred to the book, "Chicken Every Sunday," about a preacher's family a few decades ago which was invited to a different parishioner's home every Sunday after church and was invariably served fried chicken for dinner.

"Some of you may remember that fried chicken was served on special occasions then, like to threshing rings, or on picnics and for Sunday dinners," said Mr. Knebel.

"Those were the days when most chicken and egg operations were just a part of the total general farm; when the chickens were fed and watered and the eggs gathered by the farm wife and children.

"It wasn't so much an occupation then. It was called chores.

"Back then, we weren't so conscious of diets and nutrition. We just knew what we liked. We were not aware that chickens were the most efficient device on the farm for converting grain to protein.

"The genetic developments, technological advances in housing and improved poultry rations have made the chicken even more efficient as a protein converter.

"In 1950, it took 3.3 pounds of feed to produce one pound of a broiler. Today, the feed conversion ratio is down to about 2.2 pounds of feed for each pound of liveweight bird.

"Who would have imagined in the days of Chicken-Every-Sunday that fried chicken would become everyday fare? Who would have dared suggest that someday any American might drive to a quick service outlet, order fried chicken by the bucketsful and be served almost before the waitress could count out the change?"

Mr. Knebel praised farmers for utilizing research, science and technological advances. He referred to examples of new discoveries in Agricultural laboratories.

"At the turn of the century, each farmer produced only enough food for himself and six others. Nearly 40 percent of the population was tied to the land to feed themselves and the remaining 60 percent," he said.

"Today, less than five percent of the population feeds us all. Today's American farm worker feeds himself and 56 others and those farmers applying the very latest production techniques on economically sized units have output levels much higher than that.

"For poultry producers, scientists in Mississippi labs are running tests which indicate it may be best to alternate a lights-on and lights-off

system, rather than leave the lights on throughout the night in broiler and laying houses.

"Sample results suggest that broilers and layers use up energy from the food they eat while lights are on. It may be more efficient for them to be reasonably motionless while lights are out so the feed is converted to growth and eggs, rather than being used as energy."

Mr. Knebel said the scientists at Athens, Georgia, have been testing to find causes of airsacculitis, the disease which results in greatest number of birds condemnations. Those tests are indicating that low temperatures probably contribute most to causing the disease.

In Oregon a few years ago, a mild virus was isolated and a vaccine developed from it which scientists are holding in readiness for an attack of "fowl plague," a type of influenza among poultry that apparently is spread by wild birds, said Mr. Knebel.

"By the way, pharmaceutical companies apparently will not be needing more eggs -- at one time it was estimated they would need 100 million -- for the production of a vaccine to ward off the so-called swine flu this fall and winter among humans," he said.

"The companies used small fertilized white eggs rather than the big brown ones usually used in broiler hatcheries, and they can get as many as they will need from their usual suppliers. I am told that many come from the Anish farms in this area."

Under Secretary Knebel said \$22.1 million is spent annually on poultry research to help eradicate diseases and improve production.

He said U.S. farm programs began to shift in 1970 to a system of market orientation which allowed the farmer to make his own production decisions rather than having the government tell him what to do. He said farmers have shown amazing alacrity to shift their production to the nuances of need.

The Under Secretary said the U.S. industry and government have been working well together to develop foreign markets and gains are attributable to the fact that America has the most efficient poultry industry in the world and many new products are being developed to fit user desires.

"There is no reason to doubt continued growth in the poultry industry in view of these factors that are at work," said Mr. Knebel.

"Our annual consumption of chicken grew from 8.7 pounds per person 25 years ago to 37 pounds per person last year. The adaptations of poultry products, as demonstrated so clearly by the fast food services, has kept pace with the accelerated way of American life today.

"We have also doubled the amount of turkey we eat. In 1950, each American consumed a little over four pounds. Last year, the per capita consumption of turkey was about 8.5 pounds, so you know turkey was served at other times than just Thanksgiving.

"The market looks good for you this year," Mr. Knebel told the Pennsylvania Poultry Federation.

"Broiler output from January through March this year was 15 percent more than a year ago. Chick placements indicate broiler marketings from April through June will be 12 percent above 1975.

"The broiler market is expected to continue good during the rest of 1976, although the percentage increases in the last two quarters may not be as great. The total year's production probably will be about 10 percent above last year.

"Egg production is running about the same as last year but there are indications it will increase during the second half of 1976 to surpass productions in 1975.

"There will be about six percent more replacement of pullets in the July-September quarter than a year ago and egg production for 1976 may be around one to two percent above 1975."

President Ford signed the Egg Research and Consumer Information Act into law last October 1 after more than five years of growing unification and efforts by the egg industry.

Mr. Knebel said it will enable egg producers to establish, finance and carry out a coordinated program of research, producer and consumer education and promotion, improving markets for eggs, egg products and laying hens which are no longer productive.

It will be entirely financed by producers through an assessment which by law cannot exceed five cents per 30 dozen commercial eggs at the



market. At current levels of production, Mr. Knebel said income from the assessments will be up to \$7 million annually.

"Judging by the results of similar programs in other agricultural areas, the Egg Research and Consumer Information Order holds promise of success for you," said Mr. Knebel.

"Pennsylvania's egg producers demonstrated their readiness when 80 percent of those voting in the referendum last year voted in favor of it. That vote represented 87 percent of the egg production of Pennsylvania which is the fourth largest egg producing state in the nation.

"It's your program. It will be operated by an 18-member board composed of producers nominated by the industry and appointed by the Secretary of Agriculture.

"That board, as you know, includes Mr. Hendrik Wentink of Lancaster who is speaking to you during this conference, and an alternate is Mr. W. Robert Park of Valencia, Pennsylvania, who, I understand, is one of the outstanding leaders of this fine group.

"The board will decide on the type of research, promotion and advertising to be carried out which will further strengthen the egg industry's position in the marketplace.

"It has the ingredients to further boost you in your already splendid accomplishments. It is another example of free enterprise at work -- and free enterprise has always worked when it is truly free of unnecessary regulations."

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DEC 10 1976

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Two hundred years ago, a new nation won its freedom but only in the last six years have modern American farmers known real independence in their operations, U.S. Agriculture Under Secretary John A. Knebel said tonight in Point South, South Carolina.

"Since 1970, we have been changing the farm policies so that the American farmer can freely plant as much as he wants of what he wants," he told the audience attending the annual Jasper County Chamber of Commerce dinner.

"Since 1972, about 59 million acres has been made available for more production by the farmer, and he has produced. Boy, has he produced!

"The American farmer is demonstrating what he has known all along -- that if the federal government will keep out of his way, he will produce more and better food, clothing and shelter than ever."

The second-ranking Agriculture official said the U.S. farmer has always been the most efficient and productive in the world but said those qualities were eroded during 40 years of farm policies that discouraged full, gainful use of the land.

"Almost insidiously, he was brought under controls. He was tempted to turn his back on the rich earth. What was offered in return came from

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Excerpts from a talk by John A. Knebel, U.S. Under Secretary of Agriculture at the annual Jasper County Chamber of Commerce dinner, Point South, South Carolina, at 8:00 p.m., Friday, June 25, 1976

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the government and not his own productivity," said Mr. Knebel.

"It was a vicious cycle that had to be broken. The American farmer was producing less than his capability and the government was paying him for what was not produced.

"The money was coming from taxpayers' pockets, including the farmers', and would have the ultimate effect of lessening the value of money. Taxpayers were burdened with \$4 billion annually in subsidies to keep farmers from growing crops. Sometimes they were spending \$1 million daily to store grains in government bins.

"It was tainted, divisive money. The taxpayers logically resented its expenditure in that way. City dwellers added it as another complaint against their country cousins. And, it didn't help the farmers' pride, either."

Mr. Knebel said today's farm policies are a return to the values cited by Thomas Jefferson, author of our Declaration of Independence, statesman, President, farmer and inventor of farm equipment.

He quoted Mr. Jefferson:

"Agriculture, manufacturing, commerce and navigation -- the four pillars of our prosperity -- are most thriving when left most free to individual enterprise."

The Under Secretary continued:

"Now, after more than 40 years of cutback and curtailment of farm production, we are moving again in another, far better direction. Farm

income is up, just as Jefferson said. The productive farm machine is getting into gear for more efficiency than ever."

Mr. Knebel pointed out that American farmers feed and clothe more than 213 million Americans, export 60 percent of their wheat, 55 percent of their rice, 50 percent of their soybeans, 40 percent of their cotton, 20 percent of their corn and still have commodities in private-owned storage.

"Always astute judges of the market, American's farmers are making the subtle shifts in production that are suggested by the basic rule of supply and demand. It spells prosperity in a stable economy," he said.

Prospects are good for local farmers again this year, Mr. Knebel said, pointing out that Jasper County produced \$9.17 million in timber products, livestock, truck crops, soybeans, corn, hay and tobacco last year.

He also mentioned that Hardeeville and Ridgeland were the beneficiaries of water and sewer systems through the Farmers Home Administration which is now considering the applications for Business and Industrial Guaranteed Loans for businesses to be established along Interstate 95. The loans are made by private lenders and up to 90 percent guaranteed by FHA.

U.S. agricultural exports contribute to the good future prospects for Jasper County farmers, businessmen and consumers, said Mr. Knebel, explaining:

"Exports are simply another market for U.S. farm production. Other countries need the food and fiber our farmers produce. The more we produce, the greater the returns.

"Then, the gains we have made towards economic recovery and the stability of our dollar would be in trouble," Mr. Knebel said.

"The overall balance of trade last fiscal year was only \$1.8 billion in America's favor. We would have run a deficit without our agricultural exports which paid for such imports as stereos, TV's, cameras, small cars and petroleum from OPEC Nations (Organization of Petroleum Exporting Countries).

"This contribution by our agricultural production is especially significant in view of the present economic situation; when we are trying to attain full economic recovery and to stave off another round of inflation.

"The U.S. Department of Agriculture's budget this year is more than \$14 billion and we're frustrated because we can't spend it on agriculture. More than \$8.5 billion of that is presently required to be spent on welfare such as food stamps and other food programs.

"The courts recently stopped us in our efforts to put these programs back into proper perspective. For instance, more than 17 million persons are in the food stamp program. Early this spring, we proposed regulations to increase benefits for one third of those people while at the same time denying stamps to strikers and college students.

"We know the American public is tired of big government spending. We wonder if they realize it is because of the incessant benevolence of a majority of the Congress.

"The taxpayers, both farmer and non-farmer, are being shortchanged and it is well past time to correct these misordered priorities. It is time to get back to the basics of government; providing services and defense for the common good of all American citizens."

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July 28, 1976

Statement of  
John A. Knebel, Under Secretary of Agriculture  
before the  
Subcommittee on Conservation and Credit,  
House Committee on Agriculture  
July 28, 1976

Mr. Chairman:

I appreciate the invitation to appear before the Subcommittee and discuss the measures proposed in H.R. 14641, affecting services administered by the Department of Agriculture through the Farmers Home Administration (FmHA).

The Department recommends the enactment of this bill. In our judgment, it would improve the Consolidated Farm and Rural Development Act in the direction of more effective and, at the same time less costly, administration of major rural credit programs authorized in the Act.

As you know, one of the broadest missions Congress has given the Department of Agriculture is that of primary responsibility among Federal agencies for assistance in rural development.

Today, with the growth of private industrial investments in rural areas and the increasing dispersal of nonfarm job opportunities around the country, in small towns, in cities, and in open country, more Americans can find jobs in a variety of places. This means that more Americans can choose the place where they want to live on the basis of attractions of place, good schools, modern hospitals, adequate health care, and a wide assortment of social and cultural institutions, as well as the availability of jobs.

The once seemingly inexorable movement of people to our largest cities has apparently halted. The number of people moving from metropolitan areas exceeded the number moving to metro areas during 1970-75, reversing the longstanding migration trend.

During the present Administration:

1. \*Nonmetro occupied housing grew at a faster rate than metro from 1970 to 1975 (14.0 percent vs 11.2 percent). In the 25 years of rural housing programs, 85 percent of the total loans have been made during the past 7 years.

2. \*Occupied substandard housing declined at a faster rate in nonmetro areas from 1970 to 1975 (35 percent vs 25 percent).

3. \*The nonmetro population growth rate has exceeded the metro rate for the first time this century--1970-74 nonmetro population growth was 5.6 percent, compared with 3.4 percent for metro areas. Nearly \$3 billion (more than 40 percent) of the \$6.3 billion provided for community facilities financing through FmHA in 35 years has come in the past 7 years.

4. \*Nonmetro areas have gained population faster in the 1970's than they lost population in the 1960's--the 1970-74 estimated gain was 1.6 million vs. the 1960's loss of 3 million. Much of this growth is the result of increased opportunities for those who want to stay in the country, or return to the country, and find there decent work and living conditions in a better environment.

5. \*As a group, even nonmetro counties not adjacent to a metro area have increased their population more rapidly than metro areas--4.9 percent vs. 3.4 percent during 1970-74.

This greater freedom of choice as to where and how one will live is the aim of rural development, urban development, and national development. The three concepts are not independent. The needs are different in specifics but the aim of all efforts is the same--to make a place livable, enjoyable, and nurturing.

We at the Department of Agriculture are totally committed to achieving these goals.

A predominant part of the Federal assistance in this effort flows from programs carried out through FmHA under authority of the Consolidated Farm and Rural Development Act. These include the loan programs for ownership and operation of family farms and for farm recovery from natural disaster; the assistance in improving water, sewer and other community facilities in rural areas, and the guarantee of commercial loans for greater development of business and industry in rural areas. Also, FmHA has broad authority for improving housing in rural America under the provisions of the Housing Act of 1949 as amended.

For several years we have recognized a need to update some of the statutory limitations and options in these programs. Continuing to operate under terms of law based on economic conditions prevailing 10 to 15 years ago has tremendously increased the cost of these programs to the taxpayers. In farm and community credit programs, budgets have doubled during the past 5 years. In several respects, the Act as it stands today is deficient or unrealistic as to interest rates, rules of borrower eligibility, loan limits, and provisions to expedite more rural financing through private commercial sources.

The Administration believes the changes proposed in H.R. 14641 represent significant progress in bringing the Consolidated Farm and Rural Development Act up to date. The effect of principal provisions of the bill would be as follows:

With respect to interest rates --

The now existing 5 percent statutory maximum rate to borrowers on farm real estate and community facility loans would be removed, in favor

of a formula rate based on cost of money to the government.

These insured loan programs were conceived on the basis of a cost-of-money lending rate. Five percent was adequate as a cost-of-money rate when the 5 percent statutory maximum rate was adopted some 22 years ago. But in 1966 the FmHA cost of borrowing insured money became greater than 5 percent, and the interest subsidies in the program, have been mounting for the past 10 years.

Now as in the beginning, it is feasible to conduct these programs on a cost-of-money basis. That principle has been applied successfully for the past several years in the FmHA farm operating loan program. The change to a cost-of-money formula would provide a great measure of relief from the present-day budget impact of these programs. For example, if lending were to continue at present FmHA program levels, it is estimated that savings through elimination of interest subsidy would total more than \$553 million over the next 5-year period.

The existing Act provides that interest rates on FmHA guaranteed business and industrial loans be negotiated between borrower and lender. H.R. 14641 would extend this provision to other types of guaranteed loans authorized by the Act, excepting the farm emergency loan program. Adoption of this provision of the bill would eliminate interest subsidies under the other guaranteed farmer loan programs.

There would be no change in the existing 5 percent interest rate for insured farm emergency loans covering farmers' actual losses resulting from natural disasters.

With respect to loan limits --

The bill provides for upward revision of loan limits in the farm ownership, other farm real estate and operating loan programs to permit more adequate financing of family farm and ranches than is possible under existing statutory limits.

The maximum on an insured loan secured by real estate would be increased from \$100,000 to \$200,000 for any one borrower, and the limit on an insured operating loan would be increased from \$50,000 to \$100,000.

New ceilings on FmHA guaranteed loans by private commercial lenders would be established at \$300,000 for a real estate loan and \$200,000 for an operating loan.

These increased limits are needed to provide credit to operators of family farms and ranches in amounts adequate to offset increase in their costs, and to facilitate the greater use of guaranteed credit in meeting the needs of family-farm agriculture.

The bill would remove from the Act the existing limit of \$225,000 total indebtedness against the farm or other security property on which FmHA has made a loan.

With respect to eligibility --

Two changes in the eligibility criteria for FmHA services are proposed in H.R. 14641.

The bill would extend farm ownership and operating loans to family-size farm partnerships and corporations. At present, these two basic farm credit services of FmHA are available only to individual borrowers. This limitation has foreclosed service to many family-size farm and ranches because they are organized as family partnerships or family-farm corporations.

The bill would have the effect of extending all FmHA services under the Consolidated Farm and Rural Development Act to American territories,

possessions and trust territories in the Pacific. Congress has previously extended rural housing services to those areas. The Act now confines its authorizations to the States, Puerto Rico and the Virgin Islands.

Negotiations with the Trust Territory of the Pacific Islands for the purpose of determining their future political relationship with the United States have not yet been completed. Included in these negotiations, is the question of future financial assistance. Therefore, we believe that any extension of these programs to the Trust Territory should be deferred pending completion of these negotiations.

Two other provisions of H.R. 14641 bear on questions of eligibility and also would alleviate administrative delays that may occur in the program.

The bill would exempt applicants for guaranteed farmer program loans from the "credit elsewhere" test, a procedure of proof that the applicant cannot obtain sufficient credit without FmHA assistance. The amendment would represent a major departure from the philosophy of FmHA farm credit being extended only to farmers and ranchers who cannot obtain credit from local commercial sources. We believe that the "credit elsewhere" test should remain in the statute for guaranteed farmer program loans.

Section 3 of the bill would resolve questions of eligibility for community facility or business loans in areas near ineligible cities. This section would amend the definition of "rural" and "rural areas" so as to eliminate the concept of an "urbanized" or "urbanizing" area. The Act now prohibits loans in these "urbanized" or "urbanizing" zones. Section 3 of the bill would permit loans in any territory outside an ineligible city. Cities ineligible to be served through the FmHA programs

remain those of more than 50,000 population, in the case of business and industrial loans, and more than 10,000, in the case of community facility projects. The Department is concerned that the definition of eligible areas for business and industrial loans not be interpreted to allow loans to be made in places contiguous to metropolitan areas. We believe the purpose of this program is to create job opportunities in rural areas.

With respect to program budgeting --

Section 13 of the bill provides that where Congress fixes a level for a given program authorized by the Consolidated Farm and Rural Development Act, the Congress must specify separate levels for insured and for guaranteed loans. This would clarify the agency's annual level of program authorization for each category of loan.

Administrative improvements are provided in other sections of this bill before you.

H.R. 14641 proposes to eliminate the requirement for Department of Labor and administrative determinations pertaining to employment transfers and overproduction, on applications for business and industrial loans that would not exceed \$500,000 or result in the creation of more than 20 new jobs.

The requirement that FmHA periodically examine the status of borrowers to determine whether they should be graduated to conventional credit would be eliminated in the case of guaranteed loan borrowers. This provision is endorsed because guaranteed borrowers already are being served by commercial lenders, and the examination of their status under the graduation procedure is an impediment to secondary marketing of guaranteed loans.



Section 15 of the bill represents an authorization for Congress to other Federal agencies to jointly participate with FmHA in financing any applicant, regardless of any restriction in the other agency's statutory authority against becoming involved where another Federal agency is rendering assistance. Enactment of this section would clear away certain conflicts of jurisdiction, and facilitate the more effective use of various Federal resources available to rural areas.

Mr. Chairman, the Subcommittee is aware of the vigorous efforts now being made by the Farmers Home Administration to take every possible administration action that will improve its service in helping to meet the credit requirements of farm families and rural communities.

But some needed improvements can only be effected through legislation.

We consider the provisions of H.R. 14641 most beneficial toward this purpose, and we recommend your favorable consideration of this bill.

We will be glad to respond to any questions you may have at this time.

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Aug. 2, 1976

U. S. Department of Agriculture  
Office of the Secretary

Advance for release, 6:30 a.m. EDT  
Monday, August 2, 1976

Farming has undergone amazing scientific and technological changes which would astound and fascinate our Nation's founding fathers in this Bicentennial year, Under Secretary of Agriculture John A. Knebel said today in Buena Vista, Virginia.

Speaking to the Fifth Annual Farm Conference, the second-ranking U. S. Agriculture official said the abundant productivity of American farms is the result of significant changes, including changes in agricultural policies, which gave farmers the freedom to produce for the demands of domestic and world markets.

"Thomas Jefferson, a native Virginian who was author of the Declaration of Independence, a founder of the Nation, President, diplomat, statesman, inventor, educator and farmer, had faith in the wisdom of farmers. This Administration has restored faith in the judgment of farmers," said Mr. Knebel.

The Under Secretary pointed out that Mr. Jefferson was a prolific letter writer and expressed his confidence in farmers in a letter to John Jay. He said Mr. Jefferson wrote, "Cultivators of the earth are the most valuable citizens. They are the most vigorous, the most independent, the most virtuous and they are tied to their country, and wedded to its liberty and interests by the most lasting bonds."

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Excerpts from a talk by John A. Knebel, Under Secretary of Agriculture, to the Fifth Annual Farm Conference at Glen Maury Park, Buena Vista, Virginia, during the morning of August 2, 1976.

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"In a letter to the second president, John Adams, Mr. Jefferson said that a landowner, 'by his property or by his satisfactory situation, is interested in the support of law and order. And such men may safely and advantageously reserve to themselves a wholesome control over the public affairs.'"

"Mr. Jefferson would be absolutely astounded at what has happened through scientific and technological changes in the intervening 200 years since the founding of America," Mr. Knebel declared.

"Last year, our grain crops set new records of production and it looks like this year's crops will be even better. Last year, Americans ate more beef than ever before, averaging 120 pounds per person.

"We had plenty of food for Americans and enough left over so that farmers could export 60 percent of their wheat, 55 percent of their rice, 50 percent of their soybeans, 40 percent of their cotton and 20 percent of their corn.

"Agricultural exports were so good last fiscal year that they tipped the balance of trade in America's favor. Without the \$22.1 billion worth of agricultural exports, America would have a trade deficit of \$7 billion. Instead, there was a trade balance in favor of America of \$5 billion."

The Under Secretary said the farmers' accomplishments reflect the scientific and technological improvements that Mr. Jefferson espoused.

He said Mr. Jefferson had urged a joining of education, science and agriculture. He asked that professorships of agriculture be installed in schools and his plan for the University of Virginia included courses in agriculture, botany and chemistry.

It was Mr. Jefferson who said that agriculture "is a science of the very first order," stated Mr. Knebel.

"At Monticello, he experimented, trying to raise olives, caper plants, rice, Merino sheep, Calcutta hogs, rotating crops and crossbreeding animals. He brought the concept of a grain elevator from France and, while President, tested a corn shelling machine in the executive mansion.

"He was among the first to plow on the contour and he helped form a committee to study ways to prevent and destroy the Hessian fly.

"Three of our first four Presidents were Virginians and all were farmers. Of the three -- George Washington, Thomas Jefferson and James Madison -- Madison was considered the best farmer.

"Mr. Jefferson was required by his public duties to leave his beloved Monticello for years, but he always returned and finally lived out the last years of his life there," said Mr. Knebel.

"Modern American farmers must feel a real kinship to this great American who said, 'No occupation is so delightful to me as the culture of the earth,'" the Under Secretary commented.

Mr. Knebel said Mr. Jefferson probably would have been appalled by farm policies of the last 40 years under which farmers were restricted by hold-back production policies which did not allow farmers the freedom to manage their farms or operate in the free and open marketplace. This proved to be a very expensive experience -- for farmers and for taxpayers.

"At one time we were paying as much as \$1 million daily to store government-owned surpluses," Mr. Knebel said.

Under Secretary Knebel said now that American agriculture has been brought back under policies more in line with Mr. Jefferson's agricultural views, "we should dedicate ourselves in this Bicentennial year to seeing that these are the policies we follow in the next 200 years."

American agriculture's future is dependent on legislation which the Congress must enact in 1977, Mr. Knebel emphasized. Current programs for rice, wheat, feed grains and upland cotton expire with the 1976-77 crops and new legislative proposals on these programs have to be presented by Congressional committees for enactment before May 15, he said.

The farm bill could be the singular, most important piece of legislation to come out of the Congress next year, the Under Secretary emphasized.

He said opponents and critics of the market-oriented policies will try to revert to a system of controls, subsidies and reserves.

"They contend that the farmers had security under the old programs that they do not have now. They say that low prices, low incomes, millions of idle acres and billions of tax dollars spent to encourage idleness represents security," he said.

"Such contentions fly in the face of our experience in these last couple years, and they do not hold up against common sense."

He said the rule of common sense should be applied broadly and mentioned the Fourth Circuit Court of Appeals ruling on harvest operations in the Monongahela National Forest. It ruled that the operations violated the Organic Act of 1897 and caused the Forest Service to suspend timber

sales from national forests in Virginia, West Virginia, North Carolina and South Carolina.

Before the court ruled, timber sales were expected to amount to 285 million board feet. The sales now are expected to total 30 million feet, said Mr. Knebel, and that will be from individually marked trees that are dead, mature or in large growth.

"If this ruling is applied to all national forests, it would reduce the nationwide timber program by about 45 percent," he said, "and that comes at a time when housing starts are apparently making a comeback and could reach 1.5 million."

Under Secretary Knebel said the Federal government must have faith in the judgment of farmers and the natural laws of supply and demand.

"In recent years, the emphasis in America has been on freedom -- freedom for various groups who claim they have been restricted," he said.

"We must continue the freedom given to our farmers. They must be allowed freedom to decide what crops and animals to grow, how much land to plant and when and where to go to market.

"Thomas Paine, the revolutionary pamphleteer, wrote more than 200 years ago that it made common sense for the colonies to gain freedom from England.

"We must have the common sense now to assure freedom to the farmer to use his."

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U. S. Department of Agriculture  
Office of the Secretary

Advance for release, 6:30 a.m. EDT  
Friday, August 6, 1976

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Aug 6, 1976

"In the interests of farmers, consumers and hungry people around the world, we must make certain that discouraging and unreasonable safety requirements are not imposed on U. S. farmers that will inhibit production of record quantities of food."

That was the message today from Under Secretary of Agriculture John A. Knebel, speaking to directors of the Farm and Industrial Equipment Institute in Chicago.

"The production of food is all important," said the second-ranking U. S. official of Agriculture. "Policies and regulations, where necessary, should be devised to assist in production by safer, more sanitary and less costly methods.

"Implementing such plans and requirements is very difficult because most policies and regulations simultaneously add more costs to products. And, you know who pays the bigger, final cost--the consumer."

Mr. Knebel said American farmers had been restricted for four decades by hold-back production policies. He said limitations were lifted three years ago to allow farmers to operate in the free and open marketplace.

"The farmer has responded overwhelmingly to supply and demand economics," he said. "Setting the farmer free to use his judgment to adjust production to the demands of the domestic and world market has worked to the advantage of everyone--the farmer, consumer, taxpayer, industrialist, businessman

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Excerpts from a talk by John A. Knebel, U. S. Under Secretary of Agriculture, to directors of the Farm and Industrial Equipment Institute in Chicago at Noon Friday, August 6, 1976.

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and America.

"The farmer is more productive than ever before. The harvest of grain last year was the biggest in history and this year's crop may be bigger yet. Today's farm worker is feeding himself and 56 others.

"The taxpayers no longer have to shell out \$4 billion annually in payments subsidies to keep farmers from growing crops or spend \$1 million each day to store grain in government bins.

"The farmers are feeding and clothing more than 213 million Americans and still have enough left to export 60 percent of their wheat, 55 percent of their rice, 50 percent of their soybeans, 40 percent of their cotton and 20 percent of their corn.

"Agricultural exports have tipped the balance of trade in America's favor."

The Under Secretary explained that all American exports in Fiscal Year 1976 totaled \$110 billion while imports amounted to \$105 billion. Of those totals, U.S. agricultural exports were \$22.1 billion while imports totaled \$10.1 billion.

Without the \$12 billion favorable margin of agricultural exports, America would have had an overall trade deficit of \$7 billion instead of a favorable balance of \$5 billion, said Mr. Knebel.

"Each dollar received from agricultural exports generates \$2.20 in spending in the United States," he continued, "and each \$1 billion in U.S. export sales creates about 50,000 jobs in this country.

"Without exports, there would be agricultural surpluses and drastic declines in farmers' incomes with corresponding drop-offs in the sales of fertilizers, insecticides and machinery.

"The resulting ripple effect would be unemployment and a new round of inflation. We certainly can do without that."

The Under Secretary said the Agriculture Department is monitoring proposed safety regulations for farmers because of the potential effects on production.

"It is senseless to tell a farmer he has to install the latest safety gadget on his tractor when he is in the middle of planting his crops," said Mr. Knebel.

"He cannot be expected to obtain a newly manufactured safety device tomorrow for an eight-year-old cornpicker which has to be especially fitted with the device.

"No one should expect him to spend hundreds, even thousands, of dollars overnight on protective equipment when his profits per bushel, pound and gallon are measured in pennies."

Under Secretary Knebel said safety standards, like environmental requirements, should be blended gradually into the agricultural industry. He said many, expensive requirements cannot be accomplished overnight and that the market-oriented policies of agriculture should be considered.

"We cannot on the one hand expect the farmer to plant fence-to-fence to meet the food needs of this country and the world, and on the other, ask that he slow down or stop his production long enough to install some new safety equipment that does not materially contribute to farm safety," he said.

Mr. Knebel emphasized that USDA is taking a stronger role in farm safety efforts to provide better coordination with other federal departments which are promulgating proposed standards and regulations. He said this is being accomplished through a departmental Task Force on Safety; coordination of safety efforts through the Office of the Secretary; and recommendations of a National Advisory Committee on Safety in Agriculture.

"I'll be the first to say that safety efforts in agriculture need to be improved because of the high accident figures," Mr. Knebel said, "but agriculture does not deserve the designation of third most dangerous occupation.

"In 1974, the illness-injury rate for production agriculture was 9.1 occurrences per 100 full-time employees compared with an all-industries average of 10.4. Construction's rate was 18.3; manufacturing, 14.6; public utilities and transportation, 10.5 each; and mining, 10.2.

"Many farm accidents and fatalities are not associated with farm work. Agriculture is unique among industries because the farm is the work area, sometimes the recreation area and always the home area of the farm family.

"Accidents happen to farmers when they aren't working, just as they do to other people in other occupations, but they happen on the farm. Or, they happen to visitors on the farm, and these may be called farm accidents.

"These differentiations are not clear among the scanty statistics available about farm accidents. If these statistics were complete and could be separated, I would not be surprised if they would show that the farmer is really quite safety conscious."

The Under Secretary suggested that education, rather than regulation, was a preferable means to attain safety goals on farms. He pointed out that farmers, impressed by injuries and deaths caused by tractors rolling over, had voluntarily begun installing roll bars on their machines years before the proposed regulation.

"Another fact which impresses farmers is that 65 percent of the victims of farm accidents are members of farm families," said Mr. Knebel. "Yet the regulations are drawn specifically to protect farm employees."

He said farmers will respond to safety ideas that make common sense, just as they have responded to the common sense of supply and demand economics and the open marketplace.

Expanding markets and greater freedom for farmers are paying off handsomely, as contrasted with conditions under controls, subsidies and government-owned reserves, said Mr. Knebel. He said new farm programs will depend upon legislation to be presented to Congress before next May 15.

Current programs for rice, wheat, feed grains and upland cotton expire with the 1976-77 crops, and legislation on these programs has to be prepared by Congressional committees, he said.

"The 1977 farm bill could be the most vital single piece of legislation enacted by the next Congress," said Mr. Knebel.

"Farmers must have freedom to decide what crops and animals to raise, how much land to cultivate and when and where to go to market. It is to his benefit, and to the benefit of consumers, for the farmer to have this vital freedom of choice."

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Aug. 12, 1976

Cattle production in this country and abroad is vital to combating hunger worldwide and is a sound food hope for developing nations,

U.S. Department of Agriculture Under Secretary John A. Knebel said today.

"Cattle have unique qualities to provide food that otherwise would be unavailable for human consumption and we must take advantage of those qualities," he told the 22nd annual convention of Colorado Cattle Feeders Association at Vail.

"Cattle, which are ruminants, are able to transform plants, which are indigestible to humans, into human foods that are not only nutritious but palatable. At present, there are about two head of ruminant livestock for every three people in the world.

"About eight percent of all cattle are in America while 60 percent are in developing countries. But the eight percent are producing as much human food as that produced by the 60 percent.

"Obviously, greater utilization can be made of livestock in the developing countries. There probably is more opportunity for improving the nutrition for those people by increasing the productivity of their ruminant livestock than by any other crop or food production."

Mr. Knebel pointed out that the Earth now supports four billion people. In 25 more years, there will be an estimated seven billion people aboard this planet, he said.

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Excerpts from a talk by John A. Knebel, Under Secretary of the U.S. Department of Agriculture, to the 22nd annual convention of Colorado Cattle Feeders Association at Vail, during the morning of August 12, 1976

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"Every possible resource will have to be explored for food. Researchers and scientists must show us how to get more food from the earth, air and water.

"Ruminants produce meat and milk from plants growing on land that cannot be tilled for other, more productive food crops, and they harvest millions of acres of range that would otherwise go to waste.

"They have no parallel in the crucial role of scavenging for human benefit. Already, our scientists tell us that cattle can produce meat by eating wastes which are considered useless and nuisances, including yesterday's newspapers. They can synthesize high quality proteins by consuming nitrogen from inexpensive sources, such as urea."

Mr. Knebel praised ranchers, farmers, technologists and scientists for improvements that have made the American agriculture industry the most productive in the world. He said the rapid growth of a hungry population poses even greater challenges for them in the near future.

"America's ranchers and farmers have been at the forefront in food production which has insured that the world eats better today than it did -- yesterday and the day before that," he said.

"It is true that levels of nutrition and food supplies in many developing nations are low by comparison to American standards, but the point is:

"People around the world are eating more and better today than ever before.

"Over the past 20 years, the per capita food production has increased an average annual rate of 1.5 percent in the developed nations and about 0.5 percent in developing nations.

"Those percentages are deceptive because they become about equal when imports to the developing nations are taken into account. Considering how fast the world population has multiplied in the last 20 years, it is amazing that the average annual food production could have increased one percent per capita each year the world over."

The Under Secretary said developments through technology and science promise to enlarge the productiveness of American agriculture. He pointed out that \$20.3 million were budgeted in Fiscal Year 1976 for research by the U.S. Department of Agriculture into the production and marketing of beef. Combined with the Cooperative State Research Service, the budget was \$55.1 million.

"Also in the offing is the research that will be done by the Beef Check-Off Plan," he said. "President Ford signed the Beef Research and Information Act into law on May 28 and it appears it will be ready for the producer referendum by mid-1977.

"The check-offs have worked well in other areas of agriculture and we are confident it will help the beef industry. It is estimated that its income will amount to between \$30 million and \$40 million annually. You can do a lot of researching, educating and promoting with that.

"In the Agriculture Department, we have had 163 scientists and technicians at work on beef production and marketing. That includes 18 scientists at Clay Center, Nebraska, working with three experts from the University of Nebraska. They have made some interesting findings.

"Mechanically de-boning meat holds real promise for the cattlemen and consumer. It is estimated that one-to-five billion pounds of meat are lost annually, using our current processing techniques, and this amount would be saved by using mechanical de-boning processes.

"Our laboratories ran tests and found that consumers actually preferred beef patties that contained 15 to 25 percent of machine de-boned meat. This research, which might save us five billion pounds of meat, cost \$12,000 and was conducted jointly with the University of Wyoming.

"Kansas State University researchers have found a way to make beef from grass-fed steers more palatable. Their tests show that improved color, flavor, tenderness and juiciness result if the meat is aged in vacuum packages 21 days.

"One of the problems is that up to 50 percent of the packages may be 'leakers' and the wholesaler and retailer take a loss on the spoilage they have to trim. The USDA labs are working on that problem now and you can be sure they will solve it.

"We need this kind of research. We need to breed cattle that thrive on forage or materials and by-products other than grains. Attempts are being made to develop biological types of ruminant livestock that are especially suited to specific environments.

"Under investigation also is the control of animal reproductive processes so cattle may have more multiple births and reproduction can be timed in relation to management needs.

"We need to find ways to improve beef cattle efficiency of four percent in converting crude protein to human food. We need to continue research to curb diseases and insects that plague the cattle and disturb their productiveness."

Under Secretary Knebel said the consumption of beef increases in proportion to the affluence of a nation and that assures a steadily increasing demand in the future for beef.

"Last year, American consumption of red meat rose to 145.2 pounds per capita. Meat eating overseas was really beginning to boom before worldwide recession in 1974 slowed things down.

"From 1964 to 1974 meat consumption per person leaped from 29 to 47 pounds in Russia, 51 to 61 pounds in Europe's Common Market countries and six to 13 pounds in Japan. I expect per capita consumption is rising again in those nations."

The speaker said the beef market probably will improve this fall and winter. The big corn crop suggests that feeding costs shall decline for finishing beef.

He pointed out that USDA began last month buying hamburger, some from choice and prime grade cattle, which will help bolster cattle prices. The hamburger will be available when schools open. Last year, USDA bought

98.4 million pounds of ground beef and 56.4 million pounds of canned beef for \$119 million for school lunches.

"Those purchases will help you," Mr. Knebel told the beef raisers. "They were a good buy for the government. It will be excellent nourishment for school children. And, it was good use of taxpayers' money.

"Under present agricultural policies, American farmers are back into full production and the benefits are accruing to everyone. Those policies are getting the government out of the business of farming and ranching.

"This is untying the hands of the farmers. They are free to plant whatever they want from fence row to fence row, if they want. They are free to choose the time to go to market.

"They had been restricted for four decades by hold-back production policies. Finally, the American taxpayers -- and that includes you -- were paying \$4 billion annually so that farmers wouldn't grow too much, and taxpayers were spending \$1 million-a-day to store grain in government bins.

"But the production of food and fiber is all-important and the policy begun three years ago has lifted the restrictions. No longer are the land, farmer and rancher encouraged to be idle. They have responded with production that more than supplies 213 million Americans with food and clothing.

"There is plenty left over to export and those agricultural exports help each of us and our country. Without agricultural exports, which totaled \$22 billion in Fiscal Year '76, this nation would have suffered a balance-of-trade deficit with other nations of \$7 billion.

"Each dollar from U.S. agricultural exports generates \$2.20 worth of spending here in the United States. Each \$1 billion of agricultural exports creates 50,000 jobs here.

"This agricultural policy proves that the judgment of American farmers and ranchers is sound and should be trusted. They are indeed, as Secretary Butz has termed them, 'the miracle men of the 20th Century.'"

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U.S. Department of Agriculture  
Office of the Secretary

Advance for Release at 6:30 A.M. EDT  
Tuesday, Sept. 28, 1976

Mississippi's poultry industry has benefited from a national agricultural policy which has increased the net income per Mississippi farm one and one-half times during the last five years, U.S. Department of Agriculture Under Secretary John A. Knebel said today in Biloxi.

Speaking to the Mississippi Poultry Association's annual meeting and convention this morning, the second-ranking U.S. Agriculture official said:

"We have taken the government out of the farming business. The government now shows faith and trust in American farmers to conduct their own business and the spin-off results are savings to the taxpayers, prosperity for the farmers, strengthening of the U.S. economy and better international relations through trade with foreign countries."

Mr. Knebel said the net income per Mississippi farm averaged \$4946 during the last five years. The net income average for the five years before the new farm policy began was only \$3252.

He pointed out that the Mississippi broiler industry now ranks fifth in the nation and the value of poultry and eggs in the state totaled more than \$305 million in 1975, which was equal to about 23 percent of all of Mississippi's agriculture.

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Excerpts from address by U.S. Department of Agriculture Under Secretary John A. Knebel to the annual meeting and convention of the Mississippi Poultry Association in Biloxi, Mississippi at 9:00 a.m., September 28, 1976

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"Those statistics do not adequately illustrate the gains in Mississippi's agriculture," continued the Under Secretary. "You must realize that most of the farm income plus the increases came from the markets -- not the government. This higher income came even as government payments were reduced or terminated.

"For instance, in 1967, Mississippi farmers received government payments of \$146.9 million. Those were hard-earned taxpayer dollars. In 1974, government payments were down to \$7.9 million. That is \$139 million less than just seven years earlier.

"Nationwide, before the market-oriented agriculture policy took effect, government payments to farmers were as much as \$4 billion annually. The cost of storing and servicing agricultural surpluses sometimes cost taxpayers \$3 million each day.

"In 1969, the U.S. taxpayer was providing 27 percent of the farmers' net income through subsidies and set-aside payments. But last year, federal payments were down to two percent. They dropped to \$278 million.

"These facts alone justify continuation of the market-oriented policy -- but there are additional advantages."

Mr. Knebel said the American farmer has continued to supply American consumers with their food and fiber while simultaneously expanding productivity and enlarging U.S. exports.

Without U.S. agricultural exports, the nation would suffer a deficit balance of trade, he said. Without the \$22.1 billion agricultural exports

last year, the United States would have imported \$7 billion more in all goods than it exported.

Agricultural exports benefit the American economy and employment, said Mr. Knebel. More than 1.2 million Americans are in farm export-related jobs. Every \$1 billion of agricultural exports creates jobs for 50,000 Americans and every \$1 received from agricultural exports generates about \$2.20 spending in the U.S. economy.

Although food prices have gone up, the portion of take-home pay the consumer spends for food remains relatively stable. The average American consumer spends about 17 percent of his disposable income for food -- and that is the lowest percentage in the world, said Under Secretary Knebel.

Expanded agricultural production has allowed this to happen -- although the production costs to the farmer have increased.

"The prospects for farming in general and for the poultry segment in particular are excellent," said Mr. Knebel, "as long as the present agriculture policy is continued. Cash receipts for poultry products in America are exceeded only by receipts for meat animals and dairy products.

"America's farmers have exceeded all expectations in the past with hard work, an ingeniousness to find new ways to do a difficult job easier and a willingness to cooperate. These characteristics provide an atmosphere of promise to overcome future problems.

"Many of you remember a few years ago when some contaminants were mistakenly put in chicken feed. Mississippi farmers, working with state

and federal officials and the state university, helped trace the contaminated feed and identified the flocks that had been exposed. Millions of chickens had to be destroyed, but no doubt millions more would have been affected without your assistance."

The cost of complying with new government regulations, such as those coming out of the Occupational Safety and Health Administration (OSHA), is undoubtedly a concern for poultry processing plants, said Mr. Knebel.

Plant managers are requiring employees to wear mesh gloves to protect their hands from cutting knives. Some are laying skid-proof floors to eliminate the danger which probably causes more time loss from injury than any other cause, he said.

Most processing plants have a noise problem and OSHA is requiring that no employee be exposed to 90 decibels of noise for eight hours or more. Plants are installing nylon gears, erecting partitions and/or requiring employees to wear hearing guards -- all of which are costly, said the Under Secretary.

"The enforcement of these regulations must be reasonable. The cost of compliance must not become so high that government kills the business and the jobs it provides," said Mr. Knebel.

"It is difficult to lower the noise level when the processing line is built on tile floors and between tile walls. But tile, which amplifies the noise, is a favorite construction material because it enables the plant to clean-up and meet U.S. Department of Agriculture sanitation standards.

"Here are two agencies of government whose regulations collide. We called OSHA officials about this problem and learned that they had not understood it fully. We are trying to work things out. Good judgment and mutual understanding must prevail.

"Someone must decide when a floor is too slippery. How clean is clean? When does the cost become too great? And, the judgments must be fair, reasonable and consistent."

Under Secretary Knebel said that the poultry future looks good because of increasing consumer appetites for poultry products, research that is finding cures for animal illness and greater efficiency of production and the imminence of research and promotion conducted by the newly created Egg Research and Consumer Information Order.

He said the average American ate 37 pounds of chicken last year compared to only 8.7 pounds in 1950.

"Americans like the 'finger-lickin' good products you provide," said Mr. Knebel. "Almost every American family goes out to eat one or more times a week now and fast food service enables them to order fried chicken by the bucketsful.

"Some of you may remember a few decades ago when chicken was served only on Sunday and special occasions. In those days, raising chickens was a sideline to general farming and it was a chore relegated to the wife and children."

Mr. Knebel pointed out that research is being conducted at Mississippi State which has potential for improving and increasing poultry products. Scientists are testing the combined effects of humidity, temperature, lighting, light intensity and insulation on the production of broilers and eggs.

One promising laternative for layers and broilers is 15 minutes of light while they eat and drink; then 1-1/2 hours of darkness so they do not waste energy by too much movement and to allow physiological functions to turn the feed into protein, he said.

Indications are that broilers feed out better by 10 percent if they are kept in constant low level of light, he said.

"Chickens are already the most efficient of farm animals at converting feed to protein. Today it takes a little over two pounds of feed to create one pound of broiler and, in the labs, they can do it with 1.9 pounds of feed. Compare that with 1950 when it required 3.3 pounds of feed," said Mr. Knebel.

"No wonder chickens are the most popular domesticated animal in the world. There are an estimated 3.5 billion chickens in the world; nearly one for every living human being.

"The U.S. Department of Agriculture wants to capitalize on this and is spending \$22.1 million annually on research and has 275 scientists searching for ways to make the chicken and the egg even more plentiful and nutritious."

Advent of the Egg Checkoff system gives hope that the downslide of egg consumption will be reversed, said Mr. Knebel. Despite the fact that Americans ate 100 fewer eggs per capita last year than 25 years ago, world production this year probably will set a new record of 294 billion eggs.

"There is no disputing that eggs are one of the most efficient and richest sources of protein for humans," he said. "They have nourished man since the beginning of time and I know you are confident that research and science will show why eggs should be restored to their rightful place in the daily human diet.

"Judging by the results of checkoff systems in other agricultural areas, the Egg Research and Consumer Information Order holds promise of success. It has the ingredients to improve upon your already splendid accomplishments. This is your program -- as it should be.

"The 18 members appointed to the American Egg Board were nominated by American egg producers and will direct the research, promotion and advertising programs. As you know, Fred Adams of Jackson is a member of the board and was elected to represent the South Central Area on the executive committee. John Bond, also of Jackson, is his alternate.

"Early next year -- the board will launch a market promotion program entitled the 'Golden Opportunity' with the theme of 'The Incredible Edible Egg.'

"Most importantly, the Egg Research and Consumer Information Order is another example of free enterprise, and free enterprise has always worked when truly free of unnecessary regulations. The market-oriented farm policy has proven that."

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## 1977 AGRICULTURAL OUTLOOK

Welcome to the 1977 National Agricultural Outlook Conference.

Let me say at the outset: The future of American agriculture and the American farmer is excellent. Today, the farmer has not only achieved the recognition and reward he so richly deserves, but he has achieved a lot more:

-- Record production which enables each farm worker to feed himself and 56 others at home and abroad.

-- Record exports which enable him to prosper and America to achieve a favorable balance in international trade.

As we look ahead, let us consider the vast power for good of American agriculture -- agripower, if you will -- the power to produce and provide an essential of life no one can do without -- food -- and to improve the quality of life in this complex world where our fate is intertwined with the fate of others.

Without question, the credibility and strength of this nation abroad rests upon its vast resources and productivity -- just as much as it does upon its defenses. And the American farmer is in the front lines of this effort.

The challenge -- the heavy responsibility -- is nothing new to the American farmer. With sweat and imagination, he has brought agriculture to unparalleled heights -- and all of us in this nation are in his debt.

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Remarks by John A. Knebel, Secretary of the U.S. Department of Agriculture, to open the 1977 Agricultural Outlook Conference in Jefferson Auditorium, USDA South Building, November 15, 1976, at 9:00 a.m.

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Today, because the farmer has responded with abundance to expanding markets and his new freedom from governmental controls, agriculture is assuming its rightful place in our international trade relations.

In 1974, America squirmed in the stranglehold of an energy crisis. The farmer came to America's rescue. Freed at last from four decades of governmental controls, some 60 million acres of cropland were released for production. The farmer went into full production, exceeding our domestic needs. In fact, agricultural exports shot to an historical high. That year, America exported \$21.3 billion worth of agricultural products, which was just about enough to pay for the petroleum products we had to import at much higher prices.

America had been suffering trade imbalances. In recent years, because of large agricultural exports, it began recording favorable trade balances. Last year, American farmers exported \$22.1 billion in farm products. Without those agricultural exports, the United States would have suffered a deficit of at least \$8 billion in its trade business. The year before, our nation would have suffered a \$10 billion deficit if it had not been for agricultural exports.

The projection for U.S. agricultural exports is that they will reach about the same level in 1977 as in 1976. Agricultural production and exports are vital to our economy because the projection for all U.S. trade next year suggests that we will have a large deficit. Imagine how severe that deficit would be without agricultural exports. It is imperative that exports of agricultural products be maintained, and increased if possible.

This is crucial to our national economy and to all of America's consumers. Our agricultural exports will help stabilize our economy and balance our trade with other nations.

The projection for food prices in the United States for 1977 is that they will increase only modestly, well below the overall rate of inflation. American consumers are realizing that their grocery purchases are the best deal in the world. In America, the consumer spends only 17 percent of his disposable income for the best and most nutritious food ever produced. In Russia, by comparison, the consumer is spending 37 percent for food -- and the Russian consumer doesn't get nearly the selection, the quality, nor the built-in services that the United States housewife gets in her food.

In this regard, we must look carefully at regulations and proposed regulations on America's food producers and handlers. Superfluous and needless regulations will add unnecessarily to the prices that American consumers will have to pay at the grocery stores.

Expanding our agricultural exports results in another benefit which is often overlooked. Agricultural exports boost employment in the economy. More than 50,000 jobs are created for every \$1 billion of agricultural products exported. Agriculture, the nation's biggest industry, employs nearly 17 million persons from production on the farm to the sale of the food. Also, every \$1 received from agricultural exports generates \$2.20 spending in our economy.

Based on these facts and experiences, we are optimistic about the outlook for 1977.

But the current law requires that by May 15 the new Congress must report a new farm program which could affect to some extent 1977's outlook and greatly affect production in the following years.

At this time, it is impossible to forecast what the Farm Bill of 1977 will contain. We hope it will continue the market-oriented farm program now on the books -- a program which has produced record income for farmers, record exports, record production -- and a minimum of governmental interference in the daily lives of farmers.

However, Congress may move in another direction. Some have repeatedly called for the establishment of significant commodity reserves and export licensing where those reserves fall below certain levels. This, of course, requires more government control and puts the government in competition with the farmer when it's time to liquidate those reserves. Still others have called for reserves with a mixture of government and private ownership, and for much higher target and loan prices tied to a cost of production formula. The difficulty is in establishing a cost of production -- there are many levels to the cost of production depending on farm size, locality, management, the year and other factors. The problem will be to base supports on "a cost of production" without encouraging excessive production that will lead to government accumulation of surpluses, followed by government controls on farm production.

Many in Congress would like to extend the farm program as it is, with upward revisions in target prices that have been eroded by inflation. Some want to see the farm program more consumer-oriented with "cheap food" for domestic consumers and for contribution to foreign nations -- with less

emphasis on profitability for the farmer. There's a big job ahead -- for the new 95th Congress.

We must also look at the problems of disaster assistance. One approach would be to expand the disaster programs of the government; another would be to expand the availability of crop insurance.

I expect the Farm Bill of '77 may well be a compromise, because of the complexity of the issues, the significant support by the farmers of this country for the free-market farm program, and the division in Congress over alternative programs. Perhaps we will have a simple extension of the current law with some revision in target prices. We will probably see an expansion of the crop insurance program, and it is unlikely that the ASCS disaster program will be totally eliminated.

Looking back again for a moment so we can see better what is ahead of us, there has been a mass migration since the industrial revolution from rural areas to the cities. That migration reached a peak during the 1960's when America was losing 100,000 farms a year. So far in the 1970's, that loss has drastically declined to about 27,000 farms per year. Today, there are approximately 2.8 million farms. But the fact remains that less than five percent of the U.S. population today lives and works on our farms compared with about 25 percent 40 years ago.

Obviously, U.S. Senators and Congressmen represent many more city folks than farmers -- and city folks consume most of the farmers' output. Fifty years ago, there were 251 Congressional Districts in which the farm population constituted 20 percent or more of the total. Today, there are only 49 Congressional Districts with 20 percent or more farm population.

It is, therefore, important that we focus the economic spotlight of the nation on agriculture and the importance of sound programs that provide growing export markets and ample food for American housewives at reasonable prices. Members of Congress and consumers need to weigh the importance to farmers of having a profitable business if they are going to continue to produce adequate food for the future, maintain the nation's resources, and invest in modern methods in order to maintain their efficiency. The case for agriculture must be well presented and understood so this small but crucial segment of our society is not relegated to its previous plight through which it suffered for so many years.

If there is no reasonable reward for the farmer's risks and efforts, farm production will surely diminish. If production declines, prices for food and fiber will soar, and our economy, as well as the economies in the rest of the world which depend on us for their food, and which depend on us to purchase their goods from our food exports, will suffer the dreadful consequences.

During the last few years, the farmer has once again demonstrated the importance that agriculture holds for each of us, our nation and the world. The outlook for 1977 is that the farmer will continue to fulfill this crucial responsibility which he has willingly assumed, if we fulfill our responsibility to him.





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The new farm bill which must be written next year will be the most important piece of legislation to come before the 95th Congress in 1977.

With the farm programs now on the books scheduled to expire next year, American agriculture is at the crossroads. The decision Congress makes will influence agriculture in this country for the next generation.

The present market-oriented policy saved taxpayers well over \$3 billion annually in farm payments and up to \$1 million daily for storage and handling of surplus farm production. At an earlier time of the heavier costs, America was suffering trade imbalances.

Since 1974, the United States has been recording favorable balances in international trade. It is more than coincidental that we have been exporting agricultural products in record amounts during that same time.

United States agricultural exports provide many other benefits.

They boost employment. More than 50,000 jobs are created for every \$1 billion of agricultural products exported. These jobs are among those held by nearly 17 million Americans who are employed in the agricultural chain from production on the farm to sale in the stores.

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Excerpts from the Address by John A. Knebel, U.S. Secretary of Agriculture, to the Silver Spring Citrus Cooperative Board of Directors, Orlando, Florida, November 23, 1976 at 10:30 a.m.

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Exports stabilize the economy. The American dollar is sounder in international business and buys more. In addition, for every \$1 received from agricultural exports, \$2.20 in spending is generated in our economy.

At the same time, the projection for food prices in the United States next year suggests a modest increase, markedly lower than the inflationary trend. American consumers are realizing that the groceries they buy are the best deal in the world -- and this includes the production from the farms and ranches of this great state.

American consumers spend only 17 percent of disposable income for the best and most nutritious food ever produced. Compare that with the Soviet Union where the consumer is spending 37 percent for food and doesn't get nearly the selection, quality or built-in services that the U.S. homekeeper gets.

If each farm worker is to continue to feed himself and 56 others in this nation and abroad and if America is to continue as the leading exporter of agricultural products, Congress must make the correct decision in the 1977 farm law. It must write legislation which will continue the progress of the past four years -- legislation which will keep farm exports at record levels, which will maintain farm income at the highest levels ever, which will reaffirm the role of the farmer as the mainstay of the nation's economic progress.

There will be various attempts to adjust the legislation now in effect. One method may aim at setting support levels based on cost of production. There are many variables -- weather, geographic location, farm size, interest rates and managerial ability among them -- that would make it difficult to come up with cost-or-production figures that would be satisfactory on a commodity-wide basis.

There are no scientific formulas for solving farm economic problems. But they can be solved by understanding the simple economics of supply and demand, providing a wide range of markets and having faith and confidence in the experience and intelligence of America's farmers to meet the needs.

The American farmer has never failed us. I am confident he never will.

\* \* \* \* \*

Science is on the threshold of solving a major citrus problem which has plagued producers for years.

In fact, solving production problems with science seems easier by far than solving economic problems.

For instance, it appears that Agricultural Research Service scientists have found a way to control your enemy, the citrus blackfly. They found out that a tiny wasp is a natural enemy of the blackfly. The wasp is an internal parasite of the blackfly.

We are producing 30,000 wasps a week in Mexico and 40,000 have been released in Florida. The wasps have dispersed up to 1½ miles from where they are released and they cause no damage or injury to anything but blackflies. The rate of parasitism has ranged from 10 to 70 percent, averaging about 40 percent.

This is a biological control of a farm production problem. There will be no complaints about environmental kills, chemical imbalances and destructive residues from this solution to the problem.

\* \* \* \* \*

With Florida growers producing record crops this season, we recognize that prices have faded. The U. S. Department of Agriculture is strengthening the market for your goods. In recent weeks, it has ordered \$9,345,000 worth of orange juice and almost \$2 million of lemon juice for child nutrition and other domestic food programs. In addition, only last week we announced purchases of \$338,000 worth of canned orange juice and \$490,000 worth of grapefruit juice. Already this quarter we have ordered \$12,263,000 worth of citrus products and you can expect that citrus will receive a reasonable share of the remainder of the \$28 million authorized for these and other purchases.

Right now, a Food Marketing Alert is being distributed to bolster the demand. We have had good results with these alerts in the past. The wire services pick them up and newspapers across the country publish the information in their food sections.

In this way, American homekeepers will learn about the nutritional value of citrus fruits and what a good buy they are.

The agricultural policies of the last five years have been beneficial to farmers, consumers and the nation.

Under a market-oriented policy, the net income per farm and ranch in Florida has more than tripled. Ten years ago, the net income per Florida farm was \$8,574. Last year, it was \$26,522.

\* \* \* \* \*

Government officials should look closely at regulations and proposed regulations on America's food producers and handlers. Everything must be done to keep competition spirited, but superfluous and needless regulations will add unnecessarily to the prices that Americans have to pay at the grocery stores.

The Department of Agriculture is very much aware of a move to unionize farm workers and the subsequent probable effect on farm production costs and grocery prices.

Obviously, farm workers are entitled to a livable wage and reasonable security for themselves and their families. But, at the same time, the rights of millions of other humans are involved and must be remembered. Strikes or lockouts which destroy the availability of food cannot be condoned because they affect the very lives of other innocent humans.

Farmers who grow perishable fruits and vegetables are particularly vulnerable and their rights must be observed and protected. If they are forced into bankruptcy and closure, then the production of food there will cease.

A proposal for an Agriculture Labor Relations Board has been drawn and is in the hands of Department of Labor officials for study and consideration.

There were proposals in the last Congress to extend the Taft-Hartley Act to include agricultural workers, and there probably will be similar proposals made by members of the new Congress which convenes in January.

Recent farm labor results in California may indicate the national mood for the future. California voters defeated, by two to one, Proposition 14 early

this month that would have permitted union organizers to spend several hours daily recruiting workers on farms and ranches.

The American farmer is getting recognition in recent years for the vital job he has done. Our fellow Americans are more aware now than ever before of the farmer's crucial role in the nation's productivity and strength.

Americans are becoming conscious today that less than five percent of their population lives and works on farms, producing the materials necessary for sustaining life.

They must realize that the American farmer is entitled to a reasonable reward for his risks and efforts; otherwise, production of food and fiber will diminish and prices will soar.

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